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ABSTRACT

This guide is one of a series intended to present a carefully designed plan to teach a progression of economic concepts in the elementary and secondary grades. The guides vary somewhat according to the grade level, however, they all follow the same general pattern. A table of contents lists a number of basic concepts or "Big Ideas" appropriate to the particular grade. These are expanded upon in the guide and accompanied by teaching activities, lists of books and other resources, and suggestions for evaluating student understanding of the material. All the guides include a brief section on "Major Ideas and Sub-Ideas of Modern Economics"; some include appendices with statistical or other information. Two basic concepts from this grade 8 guide are: 1) our country's record of economic growth began in the Colonial Period: and, 2) the American Revolution helped to substitute a relatively free economy for the rightly controlled Mercantile system. SO 000 631 through SO 000 635 represent guides for grades 2 through 5. The guides for grades 6, 7, and 9 will be available in the near future. A "Package Economics Course," offered through the Oregon Board of Education, Division of Continuing Education, is available for in-service training to be used in conjunction with the guides. (JLB)

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Grade 8

Teachers Guide To

ECONOMICS

132

ISSUED BY THE OREGON BOARD OF EDUCATION • DALE PARNELL, SUPERINTENDENT OF PUBLIC INSTRUCTION, SALEM, OREGON
1968

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Teachers Guide To

ECONOMICS

IN GRADE 8

Edited by Hugh Lovell

and Albert Ouchi

APPROVED JULY 22, 1968, BY THE OREGON BOARD OF EDUCATION: RAY C. SWANSON, CHAIRMAN; MRS. GEORGE BEARD, VICE CHAIRMAN; ROBERT W. CHANDLER; RICHARD F. DEICH; EUGENE H. FISHER; THOMAS L. SCANLON; AND FRANCIS I. SMITH . . . . JESSE V. FASOLD, SECRETARY

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Foreword

Many of the daily problems and issues that confront us as producers of goods and services, as consumers, and as citizens are economic in nature. A familiarity with economic facts and principles is prerequisite to an understanding of both our private affairs and local, state, and national affairs. The great issues of our time such as inflation, balance of payments, credit control, foreign aid, financing of schools and other public services, and rate of economic growth require a knowledge of economics if participants in our society are to interpret current events and make intelligent decisions.

Elements of economics have long been included in certain areas of the Oregon curriculum, but for the most part economic learnings have been left to chance. A carefully designed plan to teach a progression of economic concepts in the various elementary and secondary grades has not existed. The intention of the writers of this Guide, one in a series which will soon include a similar guide for each elementary grade, has been to present such a plan.

The increasing complexity of both personal and public economic affairs requires that schools no longer leave to chance student acquisition of economic knowledge and understanding. The series of TEACHERS GUIDES TO ECONOMICS identifies economic concepts that have been found within the grasp of pupils at each grade level. It also suggests many classroom materials and activities that can be employed within our existing social studies curriculum framework. The Guides are recommended for use by schools and teachers in Oregon public schools.

Since successful use of each Guide will require an understanding of basic economics by teachers, it is expected that school districts will find it necessary to provide in-service, through local workshops or other means, for teachers who lack exposure to the subject. It is hoped that the State Board of Education as well as Intermediate Education District Boards can lead out in providing these in-service training opportunities.

Curriculum officials of all Oregon schools are urged to study the program presented in this series of guides and determine ways by which they may be used to strengthen this important but often neglected subject.

Dale Parnell

Superintendent of Public Instruction

Acknowledgments

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About This Guide

This Guide is one of a series prepared for the Oregon Board of Education by the Oregon Developmental Economic Education Program (DEEP). The Program is a three-year effort involving teachers, economists, curriculum specialists, and various educational agencies.* It has had three main objectives: (a) to find out what economic concepts could usefully be taught at various grade levels, (b) to find out how best to present them in the classroom, and (c) to make the results easy for classroom teachers to use. It is part of a nationwide program of the Joint Council on Economic Education.

The Guides themselves vary somewhat because the teachers who helped to write them felt that variations were needed to meet the special requirements of particular grade levels. All of them, however, follow the same general pattern. A table of contents lists a number of simply written "big ideas," or basic concepts, appropriate to a particular grade. These big ideas are expanded in the body of the Guide, which also includes teaching activities (more of them than any individual teacher is likely to use), lists of books and other resources, and suggestions for evaluating student understanding of the material. All of the Guides include a brief section on "Major Ideas and Sub-Ideas of Modern Economics." Some of them include appendixes with statistical or other information.

The idea of introducing economic materials into the primary grades, or even into higher grades, is a relatively new one. It frightened a number of teachers in the Program, and particularly those who had not had much previous academic work in economics. It frightened some of the rest of us as well. We are not frightened now because we know that ordinary teachers can teach economics to ordinary children, and with excellent results. However, some general observations may be helpful.

- Children like economics. They like it because it is important and because it is real. Money, going to the grocery store, and the fact that daddy goes away from home to work are very real things for the first grader. He likes economics because it helps him to understand what these things are all about. He likes it, too, because it helps him see that he plays a part in the real world, that he is a "producer," and, like daddy and the mailman, has valuable services to perform such as cleaning the blackboard or picking up his room.

- One does not have to stop teaching everything else in order to get economic ideas across. The best way to teach many economic concepts is to weave them into everyday classroom work. The proper question at the proper time may do more to bring home an economic concept than an elaborate week-long activity. Because of this, it is not necessary for teachers who want to introduce economics to abandon other subjects or to give up their favorite classroom activities. But new economic activities should be used when they fit the curriculum. These Guides are filled with such activities. However, the idea is to enrich the established curriculum, not to replace it root and branch.

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*See Acknowledgments and Appendix for listings of participants.

- Economics is more concerned with relationships to be understood than with facts to be memorized. This simplifies the teachers' task, but it does pose certain problems. The main one arises because economic concepts are interrelated -- it doesn't make much sense to teach one without sooner or later teaching others. In fact it is sometimes impossible to understand one economic concept unless one also understands another. One cannot understand why an American family needs money without also understanding why most Americans specialize in the production of things that their families cannot eat. For this reason, it is very important for a teacher to try to understand all the major economic concepts that relate to his grade level and for him to try to touch on all of them with his students, even though he may not have time to explore many of them in depth.

- Simple economic concepts won't tell the whole story. An economic system is characterized by all kinds of complex interrelationships between people and institutions. Even professional economists don't try to explain all these interrelationships at once. They try to ignore less important variables so they can concentrate on more important ones. The "big ideas" in these Guides focus on important economic variables, but they omit others that may apply to certain real-life situations. When students bring up a real-life situation which seems to contradict a "big idea," the teacher's best approach is to ask the class to help her reason out additional factors which are probably involved. This ability to reason out, or analyze, the factors which explain economic phenomena is, in the last analysis, the main stock in trade of the economist. Helping teachers and students to acquire this knack is one of the main objectives of the Oregon Developmental Economic Education Program.

The Oregon Developmental Economic Education Program is an activity of the Oregon Council on Economic Education. The Council, a non-profit, nonpartisan corporation, supported by business, farm, and labor organizations from all parts of the state, exists to encourage improved economic education in Oregon schools. The Council takes no position on economic issues. The views expressed in this teachers' Guide are those of its authors and consultants. They may or may not coincide with those of the Oregon Council.

HUGH LOVELL, Director
Oregon Developmental Economic Education Program

Age of Exploration

BIG IDEA: The Explorers and Those Who Backed Them Exposed Themselves To Risk Because They Anticipated Gain.

The voyages of exploration were an expensive and risky business. Some voyages were extremely profitable, but others were disasters. Those who organized and participated in the voyages had to weigh the costs of the undertaking against the possibilities of reward. In making their decisions, they had to consider (1) alternative uses to which the resources devoted to exploration might have been put; (2) the fact that while the costs of the venture were current and sure, the rewards were uncertain and would not appear until later; and (3) the fact that once a venture was underway, it was often better to continue than to turn back, because the extra costs of continuing were relatively small and the large costs of outfitting the venture could no longer be reduced or avoided.

These considerations of expense, risk, and profit apply not only to the voyages of exploration, but relate as well to other ventures: a proposal to establish a new colony in America, the Lewis and Clark Expedition, a pioneer wagon train, a new corporation, a space exploration program.

SUPPORTING CONCEPTS

1. Voyages of exploration were expensive. Only a few nations were wealthy enough to undertake them. They had to decide whether to use their resources for exploration or for other things.

2. Voyages of exploration were risky. Great losses were possible but so were great rewards: gold and plunder, lucrative and exclusive trading routes for a nation's merchants, new resources and new markets for its industries, new goods for its people.

3. Technological improvements of various kinds helped the explorers, reducing risks and increasing the possibility of gain.

4. While the initial voyages were generally undertaken by nations and their rulers, private or semi-private companies were also encouraged to undertake voyages of exploration and colonization.

   Once a venture was underway, it was often better to continue than to turn back. By halting an expedition after it had begun, one would save only the small extra costs of continuing. The large costs of outfitting the expedition in the first place could no longer be reduced or avoided.

AGE OF EXPLORATION (continued)

SUPPORTING CONCEPT

1. VOYAGES OF EXPLORATION WERE EXPENSIVE. RULERS OF EMERGING NATIONS HAD TO DECIDE WHETHER TO USE THEIR RESOURCES FOR VOYAGES OF EXPLORATION OR FOR OTHER THINGS.

RELATED ACTIVITIES

Develop a class of EXPERTS by having each student make a study of a particular country or region of Western Europe during the period 1500-1700. Each EXPERT should have ready facts and figures about his area whenever the class refers to him.

Assign oral reports about early explorers: Norsemen, Marco Polo, Prince Henry the Navigator.

Study the economic, political, and social conditions of Spain and England of the 1500's to find why Spain was more advanced than England in explorations. What evidences of Spanish and Portugese explorations still exist today? (Languages in Central and South America; religion in all but the United States; names of cities in North and South America; landmarks of missions and fortresses.)

Prepare a television program about the discovery of America or about a decision to send an expedition to the New World. (For an effective presentation of the TV show, prepare a script which is read as pictures are shown on a screen. Appointment of producer, associate producer, researchers, writers, illustrators, narrators, and others helps to organize the production.)

Where did Queen Isabella and King Ferdinand obtain the capital to finance Columbus?" Use this question to lead into reports or discussion about the taxing systems of the exploration period. How do those taxing systems compare with those of today? See Appendix in this Guide, page 106.

Prepare a "Financial Budget" for a particular nation during the time of exploration. Show:

- Sources of expected revenue - amounts
- Expenditures (amounts) by the King (Suggest that the students analyze novels of the period or view pictures of castles, villages, and court life to see how the nobility might have spent their money.)
- Surplus available for treasure room or for some venture

EVALUATION AND NOTES

Can the students who have been assigned specific nations or areas provide facts and figures about their specialties? Can they project their facts and figures to the correct time period?

Are the names of early explorers correctly associated with the time period of their trips? Are they also identified with the nation or ruler that sponsored them?

Have films, readings or reports about Spain (1200 to 1500) been presented that give specific descriptions of:

- Authority of her rulers
- Class structure and obligations
- Production techniques in the villages
- Trade practices of privileged merchants
- Role of the church
- Land ownership and control?

Has the teacher stressed the importance of land and land ownership during this period as the means of political control and as the main source of taxing power?

RESOURCES

Textbooks

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, (state-adopted text)

Graff, Henry F.: The Free and the Brave, Rand McNally and Company, Chicago, 1967, Chapter 1 (state-adopted text)

Moore and Others: Building a Free Nation, Charles Scribner's Sons, New York, 1955, Chapter 1

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955, Chapter 1

Other Sources

Teacher

Bach, George: Economics: An Introduction to Analysis and Policy, 3rd Edition, Prentice-Hall, Inc., New Jersey, 1960, Chapter 1, pp. 3-11, Chapter 4, pp. 41-46 (also 5th Edition, 1966)

Faulkner, Harold V.: American Economic History, 8th Edition, Harper and Row Publishers, New York, 1960, pp. 31-41

Heilbroner, Robert: The Making of Economic Society, Prentice-Hall Inc., New Jersey, 1962, Chapters 1-4

Student

Burland, C.: The Vikings, DuFour Editions, Inc., Chester Springs, Pennsylvania, 1961

Chubb, T.C.: The Northmen, The World Publishing Company, Cleveland, Ohio, 1964, p. 125

Walsh, R. J.: Adventures and Discoveries of Marco Polo, Random House, Inc., New York, 1953, p. 183

AGE OF EXPLORATION (continued)

SUPPORTING CONCEPT	**RELATED ACTIVITIES**
2. VOYAGES OF EXPLORATION WERE RISKY. GREAT LOSSES WERE POSSIBLE BUT SO WERE GREAT REWARDS: GOLD AND PLUNDER, LUCRATIVE AND EXCLUSIVE TRADING ROUTES	Prepare a wall map or mural of world trade routes. Start with an examination of the major ports of Spain, Portugal, England, Holland, and Italy. Add information and descriptions by making smaller posters that tell about resources and about trade routes. Display "Fact Sheets" prepared by the EXPERT of each country along the lower part of mural.
(more)	(more)

EVALUATION AND NOTES

Can the students name Spain, Portugal, and, later, England and Holland as the major European commercial powers of the exploration period?

Can each student go to a large map of the world, point out the major European nations, and show trade routes that each had developed to the New World?

Is each student an "expert" on at least one nation? Does he have a notebook, or

(more)

RESOURCES

"The Vikings," Horizon Magazine, Harper and Row Publisher, N.Y., 1964, p. 153

Films

"Story of Columbus," Encyclopaedia Britannica Films, 1948, 17 min.

"The Greeks Had a Word for It," Federal Reserve, 1958. (The film endeavors to explain what is meant by the word economics.)

"The Three Squares," National Canners Association, 1959, 13½ min. (Shows how the search for food has led to voyages of discovery, research, and invention.)

Filmstrips

"Columbus and the Discovery of America," Spanish Explorers Series, Eyegate, 1952, 50 fr.

"Spain Established a Great Empire," Yale University, 1953. (How Spain capitalized on Columbus' discoveries by conquering new lands and peoples)

"Spain in the New World," Eyegate, 1952, 23 fr., c

"The English 'Seadogs'," Popular Science, 1946, 42 fr., (Discovery and exploration of America)

Textbooks

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957, Chapters 1 and 3

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955, Chapter 2

(more)

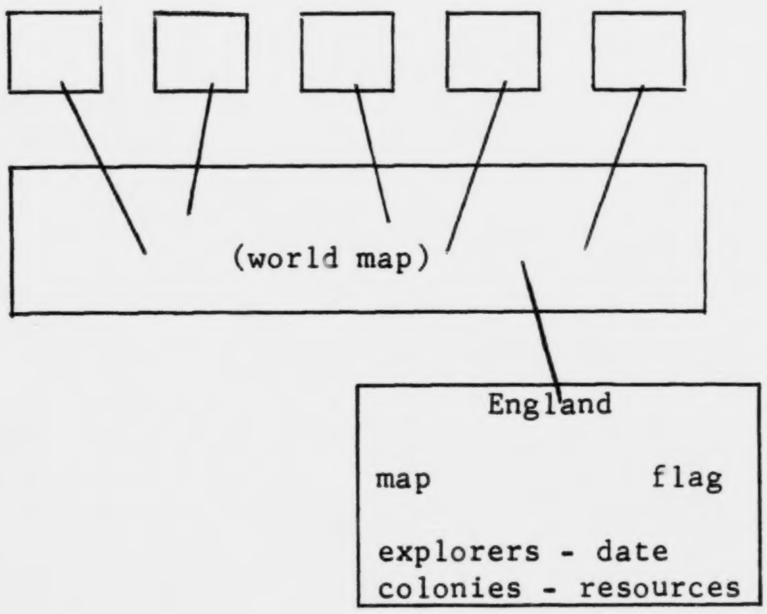
AGE OF EXPLORATION (continued)

SUPPORTING CONCEPT

FOR A NATION'S MERCHANTS,
NEW RESOURCES AND NEW
MARKETS FOR ITS INDUSTRIES,
NEW GOODS FOR ITS PEOPLE.

RELATED ACTIVITIES

(information posters)



Draw various trade routes to the Far East on an outline map of Europe and Asia. Look in a current atlas to see how many means of air, rail, and highway travel exist today along the same routes. Use the scales on the map to approximate distance from a city in Europe to India and return.

Make an estimate of the profits from sailing a ship from Italy or England around the tip of Africa to the Far East. List some of the goods you would load to sell. Approximate the cost of ship and crew for the trip. List some of the goods you would expect to get. (See encyclopedia export list of countries, such as India, Indonesia, Malaya, Burma, and Ceylon.) Guess at the profits that a successful voyage could net for both crewmen and owners. (Vasco DaGama was reported to have sold his cargo of spices and peppers for a profit of 6,000 percent. More important, this voyage broke the monopoly held by the traders from Venice.)

EVALUATION AND NOTES

section in his notebook, with information that he can quickly interpret for the class?

Can the students discuss distance in terms of days of caravan travel or sailing time? (caravans, 20 miles a day; sailing ships, 200)

Have the students made lists or gathered samples for display of goods that were traded?

RESOURCES

Wilder and Others: This Is America's Story, Houghton Mifflin Company, Boston, 1960, Chapter 1 (Also 3rd Edition, 1966)

Other Sources

Duvoisin, Roger: They Put Out to Sea, Alfred A. Knopf, New York, 1944, p. 171

Syme, Ronald: Vasco DaGama, William Morrow and Company, Inc., New York, 1959

Films

"Age of Discovery," Coronet Films, 1950, 10 min., c. (Scenes of historic interest, Spanish and Portugese towns, statues, and paintings are combined to present picture of men, ships, and instruments used.)

"English and Dutch Explorers," Encyclopaedia Britannica Films, 1965, 11 min., c. (Shows shift in power, search for Northwest passage, impact English "seadogs" on Spanish historic events which ended Spain's domination.)

"Medieval Crusades," Encyclopaedia Britannica Films, 1956, 27 min., c. (Shows causes of and influence on European life in Jerusalem in 1096 A.D., dramatized.)

"Medieval Guilds," Encyclopaedia Britannica Films, 1956, 21 min., c. (Development, functioning, and gradual decay of guilds and growth of medieval towns)

"Who Are the People of America?" Coronet Films, 1952, 10 min., c, b/w

Filmstrips

"Age of Exploration," Eyegate, 1951, 22 fr., c.

"America Is Discovered," Young America Films, 1953, 44 fr., c.

AGE OF EXPLORATION (continued)

SUPPORTING CONCEPT	**RELATED ACTIVITIES**
3. TECHNOLOGICAL IMPROVEMENTS OF VARIOUS KINDS HELPED THE EXPLORERS, REDUCING RISKS AND INCREASING THE POSSIBILITY OF GAIN.	Ask students to demonstrate navigation instruments: compass, astrolabe, sextant. Illustrate the problem of navigation on large deserts and oceans during the exploration period. When were present methods of navigation introduced? Display model ships. Compare models of Viking long boats, Columbus' ships, the Mayflower, and Old Ironsides with later clipper ships and with modern ocean liners. A full scale model of the cabin space aboard an actual sailing ship of the 1400's or 1500's is a more extensive project but very effective. A corner of the room can serve as two sides of the ship, and a minimum of 1" x 1" framing with cardboard stapled on and painted will form a small, realistic cabin. Investigate the way food was kept before refrigeration. Taste samples of today's much improved salted salmon with hardtack and a very small amount of stale water. Reports from historical sources or from such novels as "Kidnapped," "Mutiny on the Bounty," and "Treasure Island" help develop a better understanding of travel conditions during that time and sicknesses such as scurvy and beriberi.

EVALUATION AND NOTES

Has the science or mathematics department helped provide models of navigation instruments? Has there been some discussion about the importance of accurate navigation instruments to exploration?

Have these jet-age boys and girls had an opportunity to make visual comparisons between sizes of ships, speed of travel, and physical limitations of exploration ships and modern ships?

Has a sample diet aboard a ship on the high seas of 400 years ago been prepared--or tasted? Have the students read stories about sailors who had to eat insect-ridden bread and rotten meat?

RESOURCES

"Colonization of America," Set A, Society for Visual Education, 1962

"European Explorers Discover a New World," Yale University, 1953

"World Geography (Trade Routes)," McGraw-Hill Book Company, 1964, 8 fr., 36 fr. each, c

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Textbooks

Carls and Others: *Our United States in a World of Neighbors*, John C. Winston Company, Philadelphia, 1958, pp. 35-46 (also 1964 Edition)

Other Sources

Sperry, Armstrong: *The Voyages of Christopher Columbus*, Random House, Inc., New York, 1950, p. 186

Stevenson, R.: *Kidnapped*, The World Publishing Company, 1947, p. 313

Records

"Voyages of Christopher Columbus," Phono-disc, Enrichment Records, ERL 101

Films

"Kidnapped," Teaching Films Custodians, 29 min.

"Mayflower Story," Mayflower Transit, 1957, 25 min., c (Describes 1957 voyage aboard the Mayflower II)

Filmstrips

"Mutiny on the Bounty," Society for Visual Education, 1962, 49 fr., c

"Storing Foods," Young America Films, 1952, 48 fr.

(more)

AGE OF EXPLORATION (continued)

SUPPORTING CONCEPT	**RELATED ACTIVITIES**
4. WHILE THE INITIAL VOYAGES WERE GENERALLY UNDERTAKEN BY NATIONS AND THEIR RULERS, PRIVATE OR SEMI-PRIVATE COMPANIES WERE ALSO ENCOURAGED TO UNDERTAKE VOYAGES OF EXPLORATION AND COLONIZATION.	Assign "in depth" studies to individual students or ask committees to report about such explorations as: Sir Walter Raleigh's Roanoke Island Venture The East India Tea Company The Hudson Bay Company Joint Stock Companies of Plymouth and Massachusetts Bay Vitus Bering's Venture for Russia Cortez in South America for Spain Henry Hudson for Holland Columbus' property division with Queen Isabella These reports should stress: Who put up the ships, supplies, and men? Who got the new lands they discovered? How were the profits to be divided?
ONCE A VENTURE WAS UNDERWAY, IT WAS OFTEN BETTER TO CONTINUE THAN TO TURN BACK. BY HALTING AN EXPEDITION AFTER IT HAD BEGUN, ONE WOULD SAVE ONLY THE SMALL EXTRA COSTS OF CONTINUING. THE LARGE COSTS OF OUTFITTING THE EXPEDITION IN THE FIRST PLACE COULD NO LONGER BE REDUCED OR AVOIDED.	Draw a map....with solid colors extending horizontally across the United States (from Atlantic to Pacific) to show how land grants by the Crown to the original colonies could have looked today. Mention that a big controversy over these Western Lands took place later because the original land grants to the colonies extended from sea to sea. Present such films as: "Age of Discovery," Spanish and Portuguese Explorations "Age of Exploration" (Filmstrip) "Discovery - Exploration - Settlement" (Filmstrip) "English and Dutch Colonization" "French Explorations in the New World" These films give a varied introduction to the organizational structure of expeditions as well as to the economic, political, and social arrangements that were necessary before the explorers could set sail. The spirit of adventure and romance is always presented. However, students should be directed to watch for the struggle for raw materials, trade routes, and manpower. (more)

EVALUATION AND NOTES

"In depth" reports that view explorations as business ventures have been presented to the class. The students now ask questions about division of expected profits sources of capital for financing a venture, and the authority granted leaders and investors in the expeditions.

Can the students name companies such as the Hudson's Bay Company and The East India Tea Company that still exist and operate businesses?

Can students identify comparable modern situations?
- Tax benefits for investment in countries such as Puerto Rico
- Ship subsidies for building and operating trade routes
- Loans and aids for industrial buildings in Asia and Europe
- Grants and loans for development in South America

Have the students read about the British Parliament's "Foreign Plantations" and the early "Navigation Acts" to see how the idea of monopoly was meant to work?

Can students give examples citing how it is easier and cheaper for an established trading company to expand its trade routes and areas of operation than it would be for companies such as the Plymouth Company to raise money and supplies to get started?

RESOURCES

"Winds, Currents, and Explorations," Encyclopaedia Britannica Films, 1964, 7 overhead transparencies (Shows sea explorations between 1400 and 1600.)

Textbooks

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966 (state-adopted text)

Graff, Henry F.: The Free and the Brave, Rand McNally and Company, Chicago, 1967, Chapter 4 (state-adopted text)

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, Chapters 3 and 4, New York, 1957

Moore and Others: Building a Free Nation, Charles Scribner's Sons, Chapters 2 and 3, New York, 1955

Wilder and Others: This Is America's Story, Houghton Mifflin Company, Chapter 4, Boston, 1960

Other Sources

Teacher

Faulkner, Harold V.: American Economic History, 8th Edition, Harper and Row Publishers, New York, 1960, pp. 42-56

Student

Buckmaster, H.: Walter Raleigh: Man of Two Worlds, Random House, Inc., New York, 1964, p. 181

Carmer, Carl: Henry Hudson, Captain of Ice-Bound Seas, Garrard Publishing Company, Illinois, 1960, p. 80

Morenus, Richard: The Hudson's Bay Company, Random House, Inc., New York, 1956, p. 183 (more)

SUPPORTING CONCEPT

RELATED ACTIVITIES

Why did Columbus say, "Sail on, Sail on"? Present the point of view of the people involved in this venture--Queen Isabella, Columbus, crewmen. (The original costs are already spent for ships, supplies, and pay for the voyage). Is it worthwhile to risk the small cost of a few days' additional sailing?)

EVALUATION AND NOTES

RESOURCES

Syme, Ronald: Cortes of Mexico, William Morrow and Company, Inc., New York, 1951, p. 191

Trease, Geoffrey: Sir Walter Raleigh: Captain and Adventurer, The Vanguard Press, Inc., New York, 1950, p. 248

"Cortez and the Aztec Conquest," American Heritage, Horizon Magazine, Harper and Row Publishers, New York, 1965, p. 153

Records

"Voyage of Christopher Columbus," Phonodisc, Enrichment Records, ERL 101 (Explains his beliefs to the king and queen of Spain.)

Films

"Age of Discovery: Spanish and Portuguese Explorations," Coronet Films, 1950, 10 min., c

"Basic Elements of Production," Encyclopaedia Britannica Films, 1954, 13 min.

"Colonial Expansion of European Nations," Coronet Films, 1955, 14 min., c

Filmstrips

"Age of Exploration," Eyegate, 1951, 22 fr., c

"Cortez and the Conquest of Mexico," Eyegate, 1952, 50 fr.

"Cortez Conquers Mexico," Popular Science, 1946, 44 fr.

"Discovery - Exploration - Settlement," Informative Classroom Picture Publishers, 1959, 32 plates with text or 1949, 40 plates

Colonial Period

BIG IDEA: Our Country's Record of Economic Growth Began In the Colonial Period.

We can think of economic growth in terms of the total output of an economy or in terms of output per person. We now measure these as Gross National Product (total national output) or as Gross National Product per capita.

It is hard to increase the total output of an economy without increasing the supply of resources available to it. The colonies were amply supplied with natural resources but were relatively short of labor and capital. Capital in this sense includes not only tools and machinery, but also roads, bridges, and schools. In order to get more capital, the colonists, like modern Americans, had to divert resources from the production of things to eat and wear. They hoped that by pulling in their belts now they would be better off later. In addition, Englishmen and other investors were willing to send capital equipment to the colonies.

The early settlers were very isolated and had to rely on themselves for almost everything. Because of this they couldn't specialize. A growing population, improvements in transportation, the development of a uniform currency, and later, the elimination of artificial barriers to trade encouraged specialization by making it easier for producers of specialized goods and services to find a market for their products. As specialization increased, so did the per capita output of goods and services.

Innovation, the introduction of new and better ways of doing things, plays an important role in economic growth. Innovation includes new mechanical inventions, but it also refers to new political, social, and economic institutions. The colonists lagged behind England in mechanical inventions, but they were in a unique

(continued on page 15)

SUPPORTING CONCEPT	RELATED ACTIVITIES
1. ECONOMIC GROWTH OF THE COLONIES MAY REFER TO INCREASES IN TOTAL OUTPUT OR TO INCREASES IN PER-CAPITA OUTPUT.	Show such films and filmstrips as: "Life in the English Colonies" (1600's), "Colonial Riflemen," and "Colonial Williamsburg," which show the conditions of life in the American colonies. Changes in living conditions over 200 years could be classified by students under such headings as: Improvements in housing Improvements in foods available Improvements in types of clothing Improvements in recreation Improvements in education The U.S. Department of Commerce publication, Historical Statistics of the United States, gives various statistical data as far back as the 1400's.

(more)

position to develop new political, social, and economic institutions; these helped pave the way for economic growth.

Economic growth requires a growing demand for goods and services. We don't produce goods and services unless people are willing and able to buy them. The colonial economy tended to grow because immigration provided a growing domestic market for goods and services and because overseas buyers were anxious to buy colonial products.

Most people think that economic growth is desirable, but it does involve social and other costs. We are aware of the fact that horseshoers and harness makers were largely displaced by the automobile. Displacements of this kind are harder to identify in the colonial period, but there were costs in terms of hardship, privation, and the like.

SUPPORTING CONCEPTS

1. When we talk about the economic growth of the colonies, we may be speaking about their total output of goods and services or about the output of goods and services per person (perhaps measured by changes in colonial standards of living).

2. Shortages of resources limited colonial economic growth. The colonies had lots of natural resources, but they were short of labor and very short of capital.

3. The colonies were able to produce more when a growing population, improvements in transportation, and other factors made it possible for individuals to become specialists at different jobs and for the colonies themselves to specialize in different products.

4. The colonists were in a good position to innovate; i.e., to introduce new and better ways of doing things. These contributed to colonial economic growth.

5. The growth of the colonies was stimulated by a growing demand for colonial goods and services.

6. Colonial economic growth involved social and other costs.

EVALUATION AND NOTES

Have the students seen films or read accounts of colonial life during the period from 1604 to the Revolution?

Can the students identify and make some comparisons between the types of food, clothing, shelter, and recreational activities available during different periods of time and in the different colonies?

Have the students used statistical data to measure the economic well-being of the colonies?

(more)

RESOURCES

Textbooks

Carls and Others: Our United States in a World of Neighbors, John C. Winston Company, Philadelphia, 1958, Unit I and selections from Unit II (Also 1963 Edition)

Graff, Henry F.: The Free and the Brave, Rand McNally and Company, Chicago, 1967, Chapter 7 (state-adopted text)

(more)

SUPPORTING CONCEPT

RELATED ACTIVITIES

Graphs, charts, and comparative data about shipping volume from the colonies, population of various cities, estimated total output of the colonies, and income from various occupations would make interesting reports or research projects. Some data is listed in the Appendix to this Guide, page 106.

A "mobile" with suspended cutouts of food, clothing, and shelter (each classification could be of a different colored construction paper) could be made for each colony. (Be sure to identify the approximate time period.) Economic growth could be shown by adding layers below each colony for new and improved goods or services as they became available.

EVALUATION AND NOTES

Have the students made a point of describing the material well-being of a colony in terms of a time period? (The Colonial Period is really a longer period than modern United States History.)

RESOURCES

Other Sources

Teacher

Faulkner, Harold V.: American Economic History, 8th Edition, Harper and Row Publishers, New York, 1960, p. 816

Robinson, Marshall and Others: An Introduction to Economic Reasoning, Anchor Books, New York, 1962, p. 298

Rostow, Walter W.: Stages of Economic Growth, University Press, Cambridge, England, 1960, p. 178

Pictures

"Early Colonial Life, 1565-1733," Audio Visual Enterprises, 10 prints (11"x14")

"Life in Colonial America," Informative Classroom Picture Publishers, 1953, 10 pictures with text

"Settling the New World: The English," Harper and Row Publishers, New York, 1964, 8 prints, c (10"x13")

"Settling the New World: The Spanish, French, and Dutch," Harper and Row Publishers, 1964, 8 pr., c (10"x13")

Films

"Colonial Expansion of European Nations," Coronet Films, 1955, 14 min.

Filmstrips

"Colonization of America Set," Society for Visual Education, 1962, 2 fs., 1 record

"English Colonies in North America," Yale, 1953

"Establishing Social Life in a Wilderness," Society for Visual Education, 1956, 48 fr.

SUPPORTING CONCEPT

2. SHORTAGES OF RESOURCES LIMITED COLONIAL GROWTH. THE COLONIES HAD LOTS OF NATURAL RESOURCES, BUT THEY WERE SHORT OF LABOR AND VERY SHORT OF CAPITAL.

RELATED ACTIVITIES

Have students fill in an outline map of the thirteen colonies with pictures, cartoons, and short "signs or labels," pointing out:

Natural Resources - harbors, river systems, fishing banks, forests and farm lands
Human Resources - farmers, shipbuilders, craftsmen, and ministers
Capital Resources - tools of various craftsmen, looms, machinery, mills, and plantations
Technology - Indian customs of hunting, trapping, and farming compared with Colonial methods of work, travel, and manufacturing
Environment for Enterprise - Puritan philosophy of work and thrift and the economic philosophy of mercantilism from England and France

For a more creative effort, assign the making of a "Hilarious Map" or one entitled, "Tourist's Guide to the Colonies," based on the specific categories of information given above.

Use a chart organized in column form for class discussion or as a preliminary to the construction of the map.

THE THIRTEEN COLONIES (Or name one)

Natural Resources   Human Resources   Capital Resources

Technology   Environment for Enterprise

Assign oral reports or written essays to show changes in or continuation of "old country" skills.
Which colonists became farmers?
Which colonists became fishermen?

(more)

EVALUATION AND NOTES

Can the students correctly identify and classify a "resource"--human, natural, capital?

Can the students name and describe the various types of labor used in the colonies? Can they relate the labor practices of the colonies to the type of social and economic structure that each necessitated?

Do the students define "capital" as more than just money? The tools, machinery, equipment, and knowledge used in the productive process should be identified as capital; money alone is not capital.

RESOURCES

"Life in Colonial America," Informative Classroom Picture Publishers, 1954, 43 fr. c

"Life in Colonial America," Yale, 1953, 40 fr.

"Life in Jamestown," Encyclopaedia Britannica Films, 1959, 50 fr., c

"Life on the Colonial Frontier," McGraw-Hill, 1963, 36 fr., c

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Textbooks

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapter 2 (state-adopted text)

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1967, Chapter 5

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955, Chapter 4

Other Sources

Duvoisin, Roger: They Put Out to Sea, Alfred A. Knopf, New York, 1944, p. 171

Films

"Captain John Smith," Encyclopaedia Britannica Films, 1955, 20 min.

"Industrial Revolution in England," Encyclopaedia Britannica Films, 1959, 25 min., c

"Northeastern States," Encyclopaedia Britannica Films, 1942, 11 min., (Surveys the industrial and commercial activities of the northeastern states, describes the region's physical characteristics and distribution of its people.)

SUPPORTING CONCEPT	RELATED ACTIVITIES

Which colonists became merchants?
Which colonists became shipbuilders?

Be sure to make a distinction between those who immigrated to the colonies and those who were born and raised in one of the colonies.

Make a comparison chart describing each of the following types of laborers and explain how each influenced the political and social system of their respective colonies:

Negro slaves
indentured servants
convicts
apprentices

Write summary paragraphs describing each type of laborer and explain how each influenced the political and social system of their respective colonies.

EVALUATION AND NOTES

RESOURCES

"Planters of Colonial Virginia, 1740-1765," Encyclopaedia Britannica Films, 1940 (Representative of aspects of life on a typical plantation.)

"The Story of Creative Capital," U. S. Chamber of Commerce, 14 min. (Tells the story of capitalism, where it comes from, and what it does.)

Filmstrips

"American Colonies," Museum Extension Service, 1954, 40 fr., c

"Craftsman in Colonial Virginia," Colonial Williamsburg, 1955, 49 fr., c (Shows economic and social role of craftsman describing training, methods, tools, and materials.)

"Development of the Thirteen Colonies," Society for Visual Education, 1956, 41 fr., c

"Discovery of Saugus," American Iron and Steel Institute, 1953 (Story locating and excavating ovens of first productive iron works.)

"English Settlements," Society of Visual Education, 1956, 53 fr., c (Shows characteristics of each settlement and beginnings of free representative government in colonies.)

"Jamestown Develops Trade," Encyclopaedia Britannica Films, 1959, 50 fr., c (Outlines economic problems; tobacco as a trade crop.)

"Planter Statesmen of Colonial Virginia," Colonial Williamsburg, 1955, 44 fr., c (Describes colonial government.)

SUPPORTING CONCEPT

3. THE COLONIES WERE ABLE TO PRODUCE MORE WHEN A GROWING POPULATION, IMPROVEMENTS IN TRANSPORTATION, AND OTHER FACTORS MADE IT POSSIBLE FOR INDIVIDUALS TO BECOME SPECIALISTS AT DIFFERENT JOBS AND FOR THE COLONIES THEMSELVES TO SPECIALIZE IN DIFFERENT PRODUCTS.

RELATED ACTIVITIES

Have students draw overlay maps for overhead projectors to show changes in—
- Number and population of cities
- Roads and transportation
- Farm areas
- Industrial development

Ask students to ignore political boundaries of the colonies and divide the British holdings of the 1700's into Northern, Middle, and Southern sections. Discuss or write essays describing the work done in each section. Stress the importance of trade between each section.

Have students create travel posters for each colony or for one of the areas. Posters should entice visitors, immigrants, business investments, or promote trade. Samples of such posters can be found in magazines, newspapers, or travel folders.

Develop a chart to illustrate the variety of tasks required of:

Plymouth or Jamestown Settler, 1600's	New York or Boston Worker, 1700's

Name recognition game: Divide the class into two teams and have them list the entire alphabet in a vertical column (on the board). Try to fill each letter of the alphabet with the name of a colonist. One group limited to persons from 1400 to 1700 and the other from 1700 to 1800.

An important follow-up of this game would be to identify the type of work each person listed was known to do. It should become apparent that specific occupations are far more available for the list from 1700 than the earlier list.

EVALUATION AND NOTES

Have the students divided the life span of a generation (47 years) into the time they call the "Colonial Period" to see how many lifetimes this actually covers?

Can the students describe the various time periods of Colonial History as stages of development (in terms of population, transportation development, growth of industry, and changes in social structure)?

Can the students describe the natural resources most prominent in the Northern, Central, and Southern colonies and tell how they were used to improve the economic well-being of the colonists?

Can students name occupations that were important during the colonial period?

RESOURCES

Textbooks

Carls and Others: Our United States in a World of Neighbors, John C. Winston Company, Philadelphia, 1958, Unit II (Also 1964 Edition)

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapter 6 (state-adopted text)

Wilder and Others: This Is America's Story, Houghton Mifflin Company, Boston, 1960, Chapter 5

Other Sources

Carse, Robert: The Young Colonials, W. W. Norton and Company, Inc., New York, 1963, p. 233

Dawson, George: "American Colonists Fight for Their Freedom....Both Political and Economic," Junior Scholastic, September 23, 1965, pp. 12-13

Faulkner, H.: American Economic History, 8th Edition, Harper and Row Publishers, New York, 1960, pp. 114-131

Langdon, William C.: Everyday Things in Life, 1607-1776, Charles Scribner's Sons, New York, 1937, p. 303

Robinson, Marshall and Others: An Introduction to Economic Reasoning, 3rd Edition, Anchor Books, New York, 1962, pp. 229-230

Ross, Marjorie D.: The Book of Boston: The Colonial Period, 1630-1775, Hastings House Publishers, Inc., New York, 1960, p. 127

Samuelson, Paul: Economics, 6th Edition, McGraw-Hill Book Company, New York, 1964, pp. 662-665, 673, 683

Speare, Elizabeth G.: Life in Colonial America, Random House, Inc., New York, 1963, p. 172

SUPPORTING CONCEPT	**RELATED ACTIVITIES**
4. THE COLONISTS WERE IN A GOOD POSITION TO INNOVATE (TO INTRODUCE NEW AND BETTER WAYS OF DOING THINGS). THESE (more)	Publish a class newspaper with a Colonial viewpoint. Publish a competing paper with a British viewpoint. Appoint two complete editorial staffs with editors in charge of news, sports, finance, cartoons, society, advertisements. Many variations of each paper are possible, but one suggestion might be to paste student written stories over portions of a local daily paper so that it (more)

EVALUATION AND NOTES

Can students give examples of inventions and innovations during colonial times? (Invention - A new device or contrivance) (Innovation - A changed or improved method)

Considering the 200 or so years of colonial history, can students trace some of the ideas and customs brought over on
(more)

RESOURCES

Films

"Early Settlers of New England," Encyclopaedia Britannica Films, 1940, 11 min.

"Planter of Colonial Virginia," Encyclopaedia Britannica Films, 1940

"St. Lawrence Seaway," McGraw-Hill Book Company, 1959, 15 min.

Filmstrips

"Jamestown Develops Trade," Encyclopaedia Britannica Films, 1959, 50 fr., c

"Life in Colonial America," Yale University, 1953, 40 fr.

"Life in the English Colonies," Eyegate, 1952, 23 fr., c

"Life in Jamestown," Curriculum, 1959, 30 fr., c

"Life in Jamestown," Encyclopaedia Britannica Films, 1959, 50 fr., c

"Life in Plymouth," Curriculum, 1951, 28 fr., c

"Other English Settlements," Eyegate, 1952, 23 fr., c

"Plymouth Girl," Young America Films, 1950, 47 fr., c

Textbooks

Moore and Others: Building a Free Nation, Charles Scribner's Sons, New York, 1955, Chapter 2

Other Resources

Bachman, F.P.: Great Inventors and
(more)

COLONIAL PERIOD (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
CONTRIBUTED TO COLONIAL ECONOMIC GROWTH.	would appear to be a part of the paper (change the dates). Rewrites of current news to fit into the context of the colonial time and place could be assigned. Letter writing: Assign letters to be written from children in a colony to children in Europe. Emphasis of the letters should be to tell how things are different in America as compared to customs and practices in Europe. Discuss: "Necessity is the Mother of Invention." How does this apply to the colonies of America? How does this need for invention and adaptation influence growth? Hinder? Make models or drawings of American innovations. Examples: clipper ships, covered wagons, farm tools, log cabins and sod huts, frontier clothing, food. (See Appendix in this Guide, page 107. Present a book report or a research report about "Social Mobility in the Colonies." The report should contrast the greater opportunities available to individuals in colonial America with the restrictions of class and custom in old Europe.
5. THE GROWTH OF THE COLONIES WAS STIMULATED BY A GROWING DEMAND FOR COLONIAL GOODS AND SERVICES.	Make a shopping list of goods or services available in the Northern, Middle, and Southern colonies. Ask students to imagine that they are able to travel the length of the East Coast with $200 in gold to purchase goods (or services) for their own use or for resale to others. Have students develop a map of all the British possessions in the Americas. Include the 13 colonies with the Bermudas, West Indies, Jamaica, Hudson's

(more)

EVALUATION AND NOTES

the "Mayflower" to show how local needs and attitudes gradually changed the old ways? (Attitudes about work with hands, types of food to be eaten, clothing for work and dress-up, social class separation, authority of the King, value of money relative to goods)

Can students list some of the outputs of colonial industry and agriculture and tell how each contributed to growth and wealth?

RESOURCES

Their Inventions, American Book Company, Ohio, 1946, p. 304

Berna, Paul: The Knights of King Midas, Pantheon Books, New York, 1961, p. 187

Langdon, William C.: Everyday Things in American Life, 1607-1776, Charles Scribner's Sons, New York, 1937, p. 353

Pratt, F.: All About Famous Inventors and Their Inventions, Random House, Inc., New York, 1955, p. 141

Films

"Children of the Colonial Frontier," McGraw-Hill Book Company, 1962, 17 min., c

"Early Settlers of New England," Encyclopaedia Britannica Films, 1940, 11 min.

"English Influences in the U.S.," Coronet Films, 1950, 11 min.

"The Magic Key," U.S. Chamber of Commerce, 20 min.

Filmstrips

"Early Settlers in New England," Encyclopaedia Britannica Films, 1949, 76 fr.

"Establishing Social Life in a Wilderness," Society for Visual Education, 1956, 78 fr.

Have students identified the role of geographic specialization on their maps or lists of the products prominent in each of Britain's American colonies?

Have the students mentioned the fact that many of the goods produced in the thirteen colonies were demanded by colonial powers other than Britain?

(more)

Books

Rogers, Matilda: The First Book of Cotton, F. Franklin Watts, New York, 1954, p. 68

Filmstrips

"Colonists Are Freedom Loving" Jam Handy, 1955, 40 fr., c

(more)

COLONIAL PERIOD (continued)

SUPPORTING CONCEPT

RELATED ACTIVITIES

Bay Company holdings, and the less important British outposts of the Bahamas, Guiana, and Honduras. Label each with a list of their major products of that time.

Discuss the importance of the following to British trading interests and to American traders as well as to the other colonies. Who purchased these things? Were similar products available in other areas?

- Naval supplies and equipment and fishing - New England
- Foodstuffs and grains - Middle Colonies
- Cotton and tobacco - Southern Colonies

Use graphs or charts to show the growth of the colonies. (See Appendix in this Guide, page 107.

If the newspaper publication activity of the previous concept was used, subsequent issues could include advertisements and stories about expanding colonial markets, increasing economic activity, increasing specialization, and new goods or services.

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6. COLONIAL ECONOMIC GROWTH INVOLVED SOCIAL AND OTHER COSTS.

Have students write a newspaper analysis or an essay to explain the economic causes of such conflicts as:

- Bacon's Rebellion
- Stamp Act Congress
- Whiskey Rebellion
- Non-Importation Agreement
- Boston Tea Party

The Westward movement involved individuals who chose to leave the "crowded cities" of the East. Students may—

- Print a poster inviting people to join a wagon train west.
- Tape an interview with a number of students who role-play members of a westbound wagon train. They tell various reasons for leaving.

- Interview a New England factory owner who tells about the opportunities he is providing his employees and the importance of his product to the economy of his town. Do his workers prefer life in the factory to life on the farm?

(more)

EVALUATION AND NOTES

Can the students offer statistical data to support their contentions of economic growth and change in the colonies?

Can the students generalize to the effect that colonial trade grew when more and more customers were found to purchase colonial output? Do they see that this led to greater production of these demanded products?

Have students discussed both sides of such conflicts as Bacon's Rebellion, Stamp Act, etc.? Have they conceded the importance of others' opinions even though they may not agree with them?

Have the students associated the factory system with greater regimentation—rules about attendance, fixed working hours, more discipline, and closer supervision?

Can students give examples from their own times where automation or technological changes have helped some and hurt others?

Has the basic economic truth that resources used for one thing cannot be used for another been brought out in the discussions about the factory system versus home handicraft production? Has the idea of "alternative cost" been brought out; i.e., the idea that resources used by a factory can no longer be used on the farm?

RESOURCES

"Establishing Social Life in a Wilderness," Society of Visual Education, 1956, 49 fr., c

"Jamestown Develops Trade," Encyclopaedia Britannica Films, 1959, 50 fr., c (Rise of tobacco industry)

"When Cotton Was King," Museum Extension Service, 1955, 40 fr., c (Traces cotton industry from seed to mill at the time when cotton was biggest cash crop of South.)

Textbooks

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapter 7 (state-adopted text)

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1967, Chapters 5 and 6

Moore and Others: Building a Free Nation, Charles Scribner's Sons, New York, 1955, Chapters 7 and 8

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955, Chapter 5

Wilder and Others: This is America's Story, Houghton Mifflin Company, Boston, 1960, Chapters 8 and 16

Other Sources

Adams, Samuel H.: The Santa Fe Trail, Random House, Inc., New York, 1951, p. 181

COLONIAL PERIOD (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
	Debate the question, "The Factory System Is Necessary for Economic Growth."

EVALUATION AND NOTES

RESOURCES

Dorian, Edith: Trails West and Men Who Made Them, McGraw-Hill Book Company, Inc., New York, 1955, p. 92

McCall, Edith: Hunters Blaze the Trail, Children's Press, Inc., Chicago, 1959

Miers, Earl: Wild and Woolly West, Rand McNally and Company, Chicago, 1964, p. 200

Records

"Resolutions of the Stamp Act Congress," Phono-disc, Enrichment Records, EAD 11

Films

"Westward Movement: Settlers of the Old Northwest Territory," Encyclopaedia Britannica Films, 1962, 15 min., c

Filmstrips

"Boston Tea Party," Young America Films, 1949, 43 fr., c

"Crossing the Mountains - the Northwest Territory," Eyegate, 1951, 26 fr., c

"Transportation in the American Colonies," Eyegate, 1952, 22 fr., c

"War for Independence," Encyclopaedia Britannica Films, 1962

Revolutionary Period

BIG IDEA: The American Revolution Helped to Substitute A Relatively Free Economy For the Tightly Controlled Mercantile System.

The colonial economic system was characterized by tight legal controls. Some of these mercantile controls were designed to make sure that the colonies would continue to serve as a source of raw materials for English manufacturers and as a market for English manufactured goods. Others were intended to protect the public from badly trained workmen, inferior products, and excessive prices. Colonial governments thus regulated, or permitted others to regulate, terms and conditions of apprenticeship, standards of quality for barrels and other items, and prices that could legally be charged.

The theory of a free market economy is quite different. Everyone is to be free to buy the things he needs as cheaply as he can. The general welfare is served in the long run because no buyer will buy inferior goods for an exorbitant price, because competition between sellers will keep anyone from making exorbitant profits, and because people with new ideas can try them out on the market place without having to worry about governmental red tape.

(continued on page 33)

SUPPORTING CONCEPT	RELATED ACTIVITIES
1. THE MERCANTILE ECONOMIC SYSTEM OF THE COLONIES WAS CHARACTERIZED BY TIGHT LEGAL CONTROLS ON PRICES AND QUALITY, AND BY MEASURES DESIGNED TO PRESERVE THE COLONIES AS SOURCES OF RAW MATERIALS AND AS MARKETS FOR ENGLISH PRODUCTS.	Assign reports about the Navigation Acts passed by the Lords of Trade or the Council of Foreign Plantations— 1660 - First Navigation Act 1663 - Second Navigation Act 1672 - Third Navigation Act Emphasize the intent of the Crown in regard to trade with its dependencies and what the economic effect of these Acts would have on Colonial trade. Arrange for a special report by a panel or an individual on the following: Adrian de Mun and his "England's Treasuries through Foreign Trade," Colbertism in France, The Mercantile System of England. Ask a student to pretend he is thinking of investing his fortune in a trading ship. Have him make a study of colonial shipping, trading, and employment laws that would affect the profits from his venture. (more)

While the American Revolution did not eliminate all economic controls, it does mark a turning point between the older mercantile philosophy and the new free market one. The Declaration of Independence was published in 1776. So was Adam Smith's Wealth of Nations, a major defense of the new point of view.

SUPPORTING CONCEPTS

1. The mercantile economic system of the colonies was characterized by tight legal controls on prices and quality and by measures designed to preserve the colonies as sources of raw materials and as markets for English products.

2. The Revolution helped to substitute a free market economy for the rigid controls of the mercantile system. This free market system was characterized by competition among free buyers and competition among free sellers. Each, by seeking to promote his own self interest, would promote the general welfare.

3. The Revolution hurt those who were protected by or had adjusted to the pre-Revolutionary economic conditions. The Revolution was followed by a period of depression caused in part by the fact that former patterns of industry and trade were disrupted and new patterns took time to develop.

EVALUATION AND NOTES

Can the students explain how provisions of the Navigation Acts, the Molasses Act of 1733, legal restrictions on manufacturing of iron goods, and rules on issuance of paper money were part of overall British economic policy regarding the colonies?

Can the students name some colonial raw materials that were essential to British industry?

Have the students compared colonial training methods with those of today?

Did the students discuss the role of colonial Guilds in—
  Regulation of prices
  Control of quality
  Training of workers
  Concern for families

Do the students recognize that the guilds of colonial times were organizations of employers and employees and were quite different than the unions of today?

RESOURCES

Textbooks

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapter 9 (state-adopted text)

Graff, Henry F.: The Free and the Brave, Rand McNally and Company, Chicago, 1967, Chapters 3 and 4 (state-adopted text)

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957, Chapter 7

Moore and Others: Building a Free Nation, Charles Scribner's Sons, New York, 1955, Chapter 4

Wilder and Others: This is America's Story, Houghton Mifflin Company, Boston, 1960, Chapters 7 and 8

Other Sources

Barnes, Eric W.: Free Men Must Stand, McGraw-Hill Book Company, New York, 1962, p. 159

(more)

SUPPORTING CONCEPT	RELATED ACTIVITIES
	Have students compare the working and living conditions of a carpenter's apprentice of colonial times with a carpenter's apprentice today. Have students role-play an apprentice of each period. (Or, compare the apprentice training of a lawyer or a teacher.)

EVALUATION AND NOTES

RESOURCES

Bliven, Bruce: The American Revolution, Random House, Inc., New York, 1958, p. 190

Lancaster, Bruce: The American Revolution, Garden City Books, New York, 1957, p. 63

Lens, Sidney: A Country Is Born, G. P. Putnam's Sons, New York, 1964, p. 191

Morris, Richard B.: The First Book of the American Revolution, F. Franklin Watts, New York, 1956, p. 67

Paradis, Adrian A.: Labor in Action, Julian Messner, Inc., New York, 1963, p. 191

Shippen, Katherine B.: This Union Cause, Harper and Row Publishers, New York, 1958, p. 180

Sobol, Donald J.: An American Revolutionary War Reader, F. Franklin Watts, New York, 1967, p. 236

Films

"American Revolution," Encyclopaedia Britannica Films, 1953, 10 min., c

"Beginnings and Growth of Industrial America," Coronet Films, 1960, 11 min.,c

"Industrial Revolution," Encyclopaedia Britannica Films, 1959, 25 min., c

"Medieval Guilds," Encyclopaedia Britannica Films, 1942, 11 min.

Filmstrips

"A Nation Is Born," Informative Classroom Picture Publishers, 1949, 40 plates with text

"Causes of the American Revolution," Heritage Filmstrips, 1951, 44 fr.

SUPPORTING CONCEPT

2. THE REVOLUTION HELPED TO SUBSTITUTE A FREE MARKET ECONOMY FOR THE RIGID CONTROLS OF THE MERCANTILE SYSTEM. THIS FREE MARKET SYSTEM WAS CHARACTERIZED BY COMPETITION AMONG FREE BUYERS AND COMPETITION AMONG FREE SELLERS. EACH, BY SEEKING TO PROMOTE HIS OWN SELF INTEREST, WOULD PROMOTE THE GENERAL WELFARE.

RELATED ACTIVITIES

Study the Declaration of Independence in detail—especially the parts after the third paragraph. Classify the list of grievances according to:

Economic	Political	Social	Other

Assign committees of students to list and explain specific acts of Parliament, rulings by Royal governors or Colonial and Admiralty Courts that were the basis for grievances listed in the Declaration.

Study the Preamble to the Constitution and list the areas of governmental authority intended by the construction of the Constitution:

"to form a more perfect union,
establish justice,
insure domestic tranquility,
promote the general welfare,
secure the blessings of liberty...."

Assign special reports on Adam Smith and "Wealth of Nations;" The French Physiocrats; deMandeville, "Fable of the Bees." Points that should come out are:

Emphasis on "laws of nature"
Absence of government restrictions
Benefits of individuals acting freely
Increased specialization and exchange

(more)

EVALUATION AND NOTES

Can the student analyze specific acts of Parliament or of Royal Governors in the colonies to determine whether the effects of an act were economic, political, and/or social?

Have the students defined what is meant by "free market economy" by reading from authorities and listing the necessary conditions of this theoretical situation?

Have the students studied examples of Colonial smuggling and disregard of British taxes or regulations on trade? Have they discussed both the legal and economic justifications of colonial violation and British enforcement?

RESOURCES

"Colonial Freedoms Are Threatened," Jam Handy Organization, 1955, 39 fr., c

"Colonialism in Retreat," New York Times, 1957, 54 fr., with manual

"The American Revolution," Heritage, Filmstrips, 1951, 48 fr.

"The Guild," Curriculum, 1951, 25 fr., c

"The Town and Its Guilds," Encyclopaedia Britannica Films, 1957, 51 fr., c

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Textbooks

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapter 14 (state-adopted text)

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957, Chapter 9

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955, Chapter 5

Other Sources

Campion, Nardi: Patrick Henry: Firebrand of the Revolution Little, Brown, and Company, Boston, 1961, p. 261

Commager, Henry S.: The Great Constitution, Bobbs-Merrill Company, Inc., Indianapolis, 1958, p. 112

________________: The Great Declaration, Bobbs-Merrill Company, Inc., Indianapolis, 1958, p. 112

Findlay, Bruce A.: Your Magnificent Declaration, Holt, Rinehart and Winston, New York, 1961, p. 128

(more)

SUPPORTING CONCEPT	RELATED ACTIVITIES
	Ask the question, What ideas of freedom are contained in each of the following: James Otis, "Rights of the British Colonies Asserted and Proved" Thomas Paine, "Common Sense" pamphlets Patrick Henry, Virginia Resolutions and speech Stamp Act Congress John Dickinson, "Letters from a Farmer" In addition to statements about political rights, what arguments for freedom to produce, sell, and buy from the closest and cheapest source are asserted in these documents?

EVALUATION AND NOTES

RESOURCES

Fisher, Dorothy Canfield: Our Independence and the Constitution, Random House, New York, 1950, p. 188

Miers, Earl S.: Freedom, Grossett and Dunlap, Inc., New York, 1965, p. 192

Ross, George E.: Know Your Declaration of Independence, Rand McNally and Company, Chicago, 1963, p. 71

Whitney, David C.: Founders of Freedom in America, J. G. Ferguson Publishing Company, Chicago, 1965, p. 255

Records

"The Declaration of Independence," Phono-disc, Enrichment Records, EAD 1

Films

"American Literature: Revolutionary Times," Coronet Films, 1954, 11 min., b/w, c

"Resolve of Patrick Henry," You Are There Series, McGraw-Hill Book Company, 1956, 28 min.

Filmstrips

"Colonial Freedoms Are Threatened," Jam Handy, 1955, 39 fr., c

"Declaration of Independence," Encyclopaedia Britannica Films, 1958, 50 fr., c

"Declaration of Independence," Society for Visual Education, 1957, 46 fr., c

"Historic Background," Eyegate, 1953, 23 fr., c

"Our Independence and the Constitution," Enrichment Materials, 1955, 45 fr., c

"Thirteen Colonies Win Independence," Yale University, 1954, 40 fr.

"Writing the Constitution," Jam Handy, 1955, 38 fr., c

SUPPORTING CONCEPT	RELATED ACTIVITIES
3. THE REVOLUTION HURT THOSE WHO WERE PROTECTED BY OR HAD ADJUSTED TO THE PRE-REVOLUTIONARY ECONOMIC CONDITIONS. THE REVOLUTION WAS FOLLOWED BY A PERIOD OF DEPRESSION CAUSED IN PART BY THE FACT THAT FORMER PATTERNS OF INDUSTRY AND TRADE WERE DISRUPTED AND NEW PATTERNS HAD NOT YET DEVELOPED.	Discuss the position of those who were not especially interested in the Revolutionary War. Write or discuss the arguments for or against the war by a— Banker in the New York colony North Carolina plantation owner Farmer in Ohio Valley Naval equipment supplier in New England Employee in Colonial government (Royal) Organize a panel of 13 members (one representing each colony) meeting after the Revolution, with powers limited under the Articles of Confederation. Have this panel hold "hearings" with testimoney by— Ship owners who have been cut off from five-sixths of their total trade now that we are not part of the British system. Bankers and others who have large quantities of Continental currency and are faced with inflation Propertyless farmers and laborers who want the right to vote Church and school men who have lost their connections with (and financial support from) the government Western land representatives who need protection and aid in establishing local governments War veterans of the Revolution who feel they have been unpaid and exploited by merchants and lawyers The panel could hold open meetings to decide what action should be taken—or they could tell what was done and suggest what might have been done to make it better. Publish another edition of the class newspaper. Include stories about "Shays' Rebellion," the Barbary Pirates, and about negotiations of Adams with England and Jay with Spain.

EVALUATION AND NOTES

Students should view the Revolution as a severance of economic, political, and social ties with England. Can these students tell what some of the effects were on different groups of colonists who had different interests and relationships with the mother country?

Can students describe some of the problems faced by a new emerging nation? Can they relate this to current problems in Africa and the Near East?

RESOURCES

Textbooks

Eibling and Others: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapter 11 (state-adopted text)

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957

Wilder and Others: This is America's Story, Houghton Mifflin Company, Boston, 1960, Chapter 12

Other Sources

Fenner, Phyllis R.: The Price of Liberty: (Twelve short stories), William Morrow and Company, Publishers, Inc., New York, 1960, p. 191

"Articles of Confederation," Phono-disc, Documentary Enrichment Records, EAD 7

Filmstrips

"Beginnings of the American Nation, 1781-1793," Society of Visual Education, 1948, 53 fr.

"Free Americans Establish a New Nation," Yale University, 1954, 40 fr.

"New Experiment and a New Nation," Society of Visual Education, 1956, 48 fr., c

"Problems of the New Nation," Eyegate, 1953, 23 fr., c

National Period

BIG IDEA: Our New Federal Government and Governments of the States Adopted Policies that Encouraged Economic Growth.

The Revolution eliminated economic restrictions imposed by the British and left Americans freer to produce what they wished and to buy and sell where they chose. The way was thus paved for a greater degree of specialization and for innovations, both of them important to the continued economic growth of the new nation.

However, a number of factors limited the degree to which Americans were able to take advantage of the new economic freedom.

1) The Articles of Confederation permitted each of the states to impose its own tariffs and quotas. Such laws had a damaging effect on trade between people in one state and those in another.

2) Trade between the states was also hampered by an inadequate monetary system. A uniform national currency and a banking system that reached from one end of the country to the other were needed to facilitate business transactions between producers in one place and consumers in another.

3) The country was still relatively short of capital: an improved banking system would make it possible for private groups or individuals to borrow money with which to finance promising ventures. Stronger state, federal, and local governments would also be able to undertake important projects: roads, canals, schools.

4) Overseas manufacturers were sometimes more efficient than their American counterparts and able to undersell them on American markets. Because of this Alexander Hamilton and others argued in favor of an American tariff wall that would increase the price of foreign manufactured goods, thus encouraging American manufacturers and giving them a chance to develop skills and know-how that they didn't yet have.

(continued on page 43)

SUPPORTING CONCEPT

1. THE ARTICLES OF CONFEDERATION FAILED PARTLY BECAUSE THEY WERE UNABLE TO ENSURE FREE TRADE BETWEEN THE SEVERAL STATES AND PARTLY BECAUSE THE

(more)

RELATED ACTIVITIES

Make a comparison chart to post on the wall.

Powers of Congress in the Constitution		Powers Granted in Article of Confederation
1 to 18	List powers in Article I Sec. 8	Tell how states or Federal government exercised the same powers.

(more)

5) Until the Embargoes of 1807, the Napoleonic Wars helped to provide a European market for American goods and services. The Embargoes cut American producers off from these markets and encouraged them to explore domestic markets instead.

SUPPORTING CONCEPTS

1. The Articles of Confederation failed partly because they were unable to ensure free trade between the states and partly because the national government was not strong enough to finance necessary capital improvements.
2. The Constitution of 1879 encouraged regional specialization, an important factor in economic growth, by (a) eliminating trade barriers between the states, (b) establishing a uniform national currency, and (c) in other ways—patents, bankruptcy, weights and measures.
3. An improved banking system helped to provide capital for private ventures. The states and the federal government also contributed to the stock of capital, particularly by building roads and by other projects which made transportation easier, thus contributing to regional specialization.
4. International trade increased. Alexander Hamilton and others argued for tariffs on imported manufactured goods on the theory that this would encourage the growth of domestic industry. A growing demand from customers overseas led to an increased output of American goods and services until it was cut off by the embargoes of the Napoleonic Wars. These restrictions led investors to shift their resources away from the shipping industry and into manufacturing.

EVALUATION AND NOTES

Can students explain how the fear of a strong central government led to Articles of Confederation with a weak central authority and much power vested in the states?

Can students cite examples to show how trade between the states was hampered by quotas, tariffs, and differences in currency? Can they also cite present-day examples?

(more)

RESOURCES

Textbooks

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapters 10 and 11 (state-adopted text)

Graff, Henry F.: The Free and the Brave, Rand McNally and Company, Chicago, 1967, Chapter 11, pp. 225-234 (state-adopted text)

(more)

NATIONAL PERIOD (continued)

SUPPORTING CONCEPT

NATIONAL GOVERNMENT WAS NOT STRONG ENOUGH TO FINANCE NECESSARY CAPITAL IMPROVEMENTS.

RELATED ACTIVITIES

Have a student who has been to California tell about the State Inspection Stations. Why are the present California inspections different from the state tariffs and restrictions of the Confederation?

Check to see how many items in common use have crossed state lines. Go one step further back and find out where the ingredients of such "imported" articles might have come from. Make a rough calculation as to the final cost of the article if a 10 percent tariff had been paid each time a state line was crossed.

The Confederation had ordinary expenses of $500,000 per year, not counting debts to foreign countries, soldiers' back pay, and what it owed its citizens. (Total, approximately $40 million) Income of $10 to $15 thousand per year came from the sale of public lands and the post office—requisitions to the states for the remainder generally returned only 10 percent of the requested amounts. Have the class help the Secretary of the Treasury draft a letter to the separate states asking for money and also asking for authority to seek additional sources of revenue. An outline of needs and a list of revenue sources the Treasurer seeks should be made before the letter is written. Remember, in 1781 a 5 percent duty on imports was voted down by Congress.

EVALUATION AND NOTES

Do students have figures to show how little the central government spent and collected during its existence? Have they some figures on current expenditures by state and federal governments?

RESOURCES

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957, Chapters 9 and 10

Moore and Others: Building a Free Nation, Charles Scribner's Sons, New York, 1955, Chapter 7

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955, Chapter 7

Wilder and Others: This Is America's Story, Houghton Mifflin Company, Boston, 1960, Chapter 13

Other Sources

Findlay, Bruce A.: Your Rugged Constitution, Stanford University Press, 1952, p. 282

"Articles of Confederation," Phono-disc, Documentary Enrichment Records, EAD 7

Films

"Constitution of the United States," Encyclopaedia Britannica Films, 1956, 22 min., c

"Our Constitution," Academic, 1940, 20 min.

"The Constitution: Whose Interpretation?" Indiana University, 1957, 29 min.

Filmstrips

"A Difficult Period, 1783-1860," Eyegate, 1929, 23 fr., c

"Free Americans Establish a New Nation," Yale University, 1954, 40 fr.

"Our Federal Government," Young America Films, 1947, 44 fr.

"The Making and the Adoption of the Constitution," Society of Visual Education, 1954

SUPPORTING CONCEPT

2. THE CONSTITUTION OF 1789 ENCOURAGED REGIONAL SPECIALIZATION, AN IMPORTANT FACTOR IN ECONOMIC GROWTH, BY (a) ELIMINATING TRADE BARRIERS BETWEEN THE STATES, (b) ESTABLISHING A UNIFORM NATIONAL CURRENCY, and (c) IN OTHER WAYS—PATENTS, BANKRUPTCY, WEIGHTS AND MEASURES.

RELATED ACTIVITIES

The Alexandria Conference of 1785, the Annapolis Conference of 1786, and the Philadelphia Convention of 1787 stemmed from the desire of the Potomac Company to build a canal connecting the Potomac and the Ohio. Discuss some of the reasons why shipping and canal interests were anxious for the elimination of state tariffs and the establishment of a sound national money system.

Read Hamilton's "1791 Report on Manufacturers." Compare Hamilton's arguments for a "protective tariff" to the arguments used today.

Number and explain, step by step, on the blackboard, the process by which Hamilton used "necessary and proper" steps to "borrow money on the credit of the United States."

Finding the National Debt:

1) National government assumption of foreign, domestic, and state debts...75 million
2) Issuance of government bonds at 6 percent and 3 percent
3) Sale of bonds to wealthy
4) Money from sale available for payment of debts
5) Money for payment on bonds:
    (a) 5 percent to 15 percent tariff on imported goods
    (b) sale of land
    (c) excise taxes

Bank of the United States, 1791:

1) Capital stock, 1/5 government, 4/5 private
2) Capital stock sold at $400 per share
3) Private investors deposited in U.S. Bank
4) Government deposited in bank
5) All money available for investment by bank
6) Bank issued notes which circulated as a national currency

EVALUATION AND NOTES

Can students give examples of population increases and economic development in various places in the colonies that made trade and travel between the colonies necessary?

Have students seen films or read accounts of travel and trade difficulties under the Articles of Confederation when different monies and trade restrictions existed in each colony?

Do the students have a better idea of the steps involved in Hamilton's funding of the national debt and the manner in which capital is raised for the National Bank?

Have the students read criticisms of Hamilton's financial programs? Of those who supported it?

Have students followed the arguments for high protective tariffs proposed by Hamilton, Webster, and Clay as a means of developing American industry? Can they also find evidences of economic injury because of such tariffs?

Has a connection been made between the various Supreme Court decisions establishing federal authority over state authority and the encouragement to interstate trade?

RESOURCES

Textbooks

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapter 15 (state-adopted text)

Graff, Henry F.: The Free and the Brave, Rand McNally and Company, Chicago, 1967, Chapter 12 (state-adopted text)

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957, Chapter 1

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955, Chapter 8

Films

"A Difficult Period, 1783-1860," Eyegate, 1929, 23 fr. , c

SUPPORTING CONCEPT	RELATED ACTIVITIES
3. AN IMPROVED BANKING SYSTEM HELPED TO PROVIDE CAPITAL FOR PRIVATE VENTURES. THE STATES AND THE FEDERAL GOVERNMENT ALSO CONTRIBUTED TO THE STOCK OF CAPITAL, PARTICULARLY BY BUILDING ROADS AND BY OTHER PROJECTS WHICH MADE TRANSPORTATION EASIER, THUS CONTRIBUTING TO REGIONAL SPECIALIZATION.	Before the Erie Canal was finished in 1825 it cost $100 a ton and took 20 days to move goods from Albany to Buffalo. Afterwards it cost $15 to $25 a ton and took eight days. What impact might this have on— A shoe manufacturer in New York? A wheat farmer near Buffalo? A wagon company in Albany? The value of land in Buffalo? Wall mural or illustrated map: Show canal, highway, or water routes from the North, West, and South with examples of the type of goods each region bought and sold and also some representation of the types of vehicles and boats used. Initiate construction by a group of students of a papier mache or salt relief model of the Erie Canal. Other groups could make models of Fulton's steamboat, Whitney's cotton gin, or draw illustrated journals or maps of expedition routes of Lewis and Clark or Zebulon Pike. Discuss the importance of Supreme Court rulings during the period of John Marshall; draw examples from current Supreme Court rulings. Have individual reports about cases such as McCullough vs. Maryland, Gibbons vs. Ogden, Dartmouth College Case. Basically, students should point out how the climate for enterprise was assured by these cases. Education and training are important expenditures by state and local government. A display of books, materials used, and side-by-side time schedule of a typical school day of "then and now" might show how education has changed. (PTA or Open House display)

EVALUATION AND NOTES

Can students point out cases in Congress and in actual projects, such as the Erie Canal, which illustrate both public and private concern for increasing the capital stock of the nation?

Have students read of instances where industrial and agricultural growth has been made possible (profitable) because transportation costs were lowered with the opening of a canal or roadway?

Do students list educational training and institutions as part of their capital stock?

RESOURCES

Textbooks

Carls and Others: Our United States in a World of Neighbors, John C. Winston Company, Philadelphia, 1958, Unit II (Also 1964 Edition)

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapter 20 (state-adopted text)

Other Sources

Adams Samuel H.: The Erie Canal, Random House, Inc., New York, 1953, p. 182

Andrist, Ralph K.: The Erie Canal, American Heritage Publishing Company, Inc., New York, 1964, p. 153

Coit, M. L.: The Fight for Union, Houghton Mifflin Company, Boston, 1961, p. 136

Judson Clara I.: Boat Builder, the Story of Robert Fulton, Charles Scribner's Sons, New York, 1940

Neuberger Richard L.: The Lewis and Clark Expedition, Random House, Inc., New York, 1951, p. 179

Films

"Eli Whitney," Encyclopaedia Britannica Films, 1951, 18 min.

"John Marshall," Encyclopaedia Britannica Films, 1951, 20 min.

"Lewis and Clark," Encyclopaedia Britannica Films, 1950, 17 min.

Filmstrips

"Eli Whitney" 2nd Edition, Curriculum, 1951, 28 fr. c

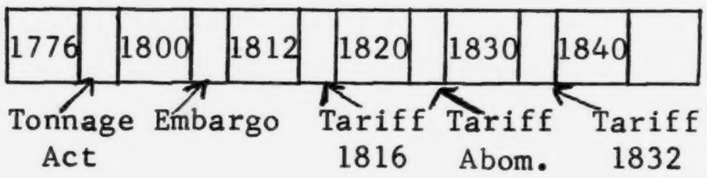
"Judicial Department and the System of Checks and Balances," Eyegate, 1953, 23 fr. (more)

SUPPORTING CONCEPT

4. INTERNATIONAL TRADE INCREASED. ALEXANDER HAMILTON AND OTHERS ARGUED FOR TARIFFS ON IMPORTED MANUFACTURED GOODS ON THE THEORY THAT THIS WOULD ENCOURAGE THE GROWTH OF DOMESTIC INDUSTRY. A GROWING DEMAND FROM CUSTOMERS OVERSEAS LED TO AN INCREASED OUTPUT OF AMERICAN GOODS AND SERVICES UNTIL IT WAS CUT OFF BY THE EMBARGOES OF THE NAPOLEONIC WARS. THESE RESTRICTIONS LED INVESTORS TO SHIFT THEIR RESOURCES AWAY FROM THE SHIPPING INDUSTRY AND INTO MANUFACTURING.

RELATED ACTIVITIES

Construct a "Tariff Time Line." Stretch a long sheet of butcher paper across the wall and measure equal spaces for years from 1776 to 1860 or other time period that is appropriate. Label with large arrows or connect with yarn:
   Tariff legislation
   Other historical events, especially increase
      or decrease in importance of trade



Use the idea of "comparative advantage" to help explain why countries and regions should specialize and trade. How does it apply to tariff policy and to the constitutional requirement of free trade between the states? (See Appendix in this Guide, p. 108)

Ask the class to watch for newspaper stories involving comparative advantages: e.g., U.S. log exports to Japan, U.S. imports of beef, etc.

EVALUATION AND NOTES

Have students identified various events such as tariff legislation, political and military influences to a chronological time line?

Have students organized various events of United States history to see that one event tends to develop with and from another?

Can the students explain the principle of "Comparative Advantage?" Can they give examples of outputs of various goods or services in different countries or regions that illustrate the gains to be achieved through specialization?

RESOURCES

"Lewis and Clark Expedition," Enrichment, 1955, 45 fr. c

"Robert Fulton," 3rd Edition, Curriculum, 1951, 27 fr. c

"Tow Path Boy," Young America Series, 1950 (On Erie Canal)

Textbooks

Carls, Norman: Our U. S. in a World of Neighbors, John C. Winston Company, Philadelphia, 1958, Unit VI, p. 400-423 (Also 1964 Edition)

Films

"World Trade for Better Living," Encyclopaedia Britannica Films, 1951, 17 min. (Shows that the exchange of services and goods between countries of the world contributes to the welfare of the people.)

Filmstrips

"Living and Working Without Money," Encyclopaedia Britannica Films, 1951, 57 fr., c (Citizens of Enterprise Island learn to specialize and save and to establish a simple barter system.)

Regional Specialization and The Westward Movement

BIG IDEA: An Emerging Monetary Banking System Contributed to Economic Growth in the Post-Revolutionary Period.

An efficient monetary system helps economic growth by permitting more trade, thus encouraging specialization. An efficient system of banks and other financial institutions helps economic growth by making funds available for new enterprises, thus encouraging innovation and increasing the overall demand for goods and services.

The early banks printed their own "bank notes," a kind of paper money which they issued to borrowers in return for mortgages and other promises to pay. Farmers and other borrowers favored a relatively unregulated banking system. This would permit the liberal issue of paper money by banks, thus making loans easier to get and thus increasing the demand for goods and services and perhaps leading to higher prices. Bankers and other creditors wanted stronger regulation. These would tend to limit the issue of paper money, thus tending to prevent inflation and helping to ensure the country against bank failures and panics.

Quarrels over how and how much to regulate the banking system and, more generally, on how much paper money should be issued by the banks and by the government began before the Revolution and were an important political issue of the Jacksonian period. The modern argument between those who favor "tight money" and those who favor "loose money" is a continuation of the same old quarrel. However, our banks no longer issue their own paper money and the mechanics of regulation are a lot different than they used to be.

(continued on page 53)

SUPPORTING CONCEPT	RELATED ACTIVITIES
1. AN EFFICIENT MONETARY SYSTEM MAKES IT EASIER FOR PEOPLE IN ONE PLACE TO DO BUSINESS WITH THOSE IN ANOTHER. THIS ENCOURAGES SPECIALIZATION AND HELPS ECONOMIC GROWTH.	Ask what would happen if we had no money. How would people get paid? How would they buy things? Explain that there was a physical shortage of gold money in the Colonial and early Revolutionary period. Ask the class what the shortage of gold money would do to specialization and trade. Appoint a committee to solve the shortage by producing a new kind of money. What will it use? Why? Will the new money be worth anything? (Yes, if people will accept it and use it as money. It might help if the committee will put a promise on its paper money: We will pay the bearer $1 in gold on demand.) How will the new money be put in circulation? (The committee might buy things with it or they might lend it to people who want to buy things.) Explain that the Continental Congress and other governments issued paper money with which they

(more)

SUPPORTING CONCEPTS

1. An efficient monetary system makes it easier for people in one place to do business with those in another. This encourages specialization and helps economic growth.

2. Banks help economic growth by lending money to people who want to start new enterprises. This encourages innovation and increases the overall demand for goods and services. However, the money that banks lend belongs to other people. If too many of them try to withdraw their deposits or to redeem their bank notes, the bank will have to close and a financial panic may develop.

3. Political struggles developed between those who favored "loose money" (relatively free issue of paper money by governments and banks) and those who favored "tight money" (relatively limited issue of paper money by governments and banks). Generally speaking, borrowers favored loose money because loans would be easier to get, the demand for goods and services would grow, and prices might go up. Lenders favored tight money because they were afraid of panics and wanted stable prices.

4. A number of innovations stimulated economic growth in this period. These included mechanical inventions, improvements in the transportation system, the National Banks, and other new financial institutions. Many of the innovations contributed to a greater degree of specialization in the North, South, and West.

EVALUATION AND NOTES

Can the students explain the connections between a good monetary system, economic specialization, and economic growth?

Are they able to name five or six characteristics of "good" money? (durability, easy to divide—so that change can be made—portable, hard to counterfeit, generally acceptable, stable in value)

Can they explain why prices might be higher for someone who had to pay with paper money and lower for someone who could pay with gold?

(more)

RESOURCES

Textbooks

Carls, Norman: Our U.S. in a World of Neighbors, John C. Winston Company, Philadelphia, 1958, Unit IV, pp. 228-259 (Also 1964 Edition)

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957, Chapters 20 and 21

Other Sources

"The Story of American Banking," The American Bankers Association, Banking Education Committee, New York, 1963, 76 pp.

(more)

SUPPORTING CONCEPT	**RELATED ACTIVITIES**
	paid for things. Early private banks also issued their own paper money, called "bank notes" which they lent to people who wanted to borrow it. Sometimes those who issued a paper dollar would promise to redeem it for a gold dollar on demand. Sometimes they did not. Ask students to find pictures of early American bank notes or have them make bank notes for the Bank of Atlanta, the Bank of Philadelphia, etc. Let the bank notes say, "We promise to pay the bearer one dollar in gold on demand." Will people from the bank's own town be willing to accept its bank notes? (Yes, if they have faith in the bank's promise to pay gold on demand.) Will people from other places be willing to accept it? (Less likely. They don't know the bank and have less faith in its promise to pay gold.) Role play a situation in which a traveler tries to pay a Boston innkeeper with Bank of Atlanta bank notes. The Bostonian is suspicious of the Atlanta money. What must the man from Atlanta do? (Use the Atlanta money to buy Boston bank notes with which to pay the innkeeper. He may have to pay $2 or $3 Atlanta to get $1 Boston.) Will this kind of situation help specialization and trade? Would it help if the Bank of Boston is willing to issue its own bank notes in exchange for those from Atlanta on a $1-for-$1 basis? (It might charge a small fee for the service.) Point out that an efficient banking system would facilitate such exchanges.
2. BANKS HELP ECONOMIC GROWTH BY LENDING MONEY TO PEOPLE WHO WANT TO START NEW ENTERPRISES. THIS ENCOURAGES INNOVATION AND INCREASES THE OVERALL DEMAND FOR GOODS (more)	Appoint a committee to establish a bank. The bank will accept gold from depositors. It will issue bank notes which it promises to redeem for gold. It will go bankrupt if it cannot give the depositors back their gold when they want it, or if it is unable to redeem its bank notes on demand. Role playing: A citizen with an invention tries to borrow from the bank. He is willing to give the bank a written promise to repay the loan and to pay interest as well. Will the bank be willing to lend gold or bank notes to him? (more)

EVALUATION AND NOTES

Do they know why gold money might disappear from circulation in times of inflation? (Paper money would get less and less valuable as the inflation continued, so people would spend it as fast as they could. Gold money, on the other hand, would get more valuable, so people would hang on to it as long as they could.)

Can the class explain the connection between a good banking system, innovations, and economic growth? (Innovators and those who want to build new businesses, need a place where they can borrow money.)

Can the students explain what would have to be done to make a bank 100 percent safe? (Prohibit it from making loans. Once a bank lends money, either gold or bank notes, there is a risk that depositors or those with bank notes will try to withdraw money that the bank no longer has on hand.)

RESOURCES

Films

"Fred Meets a Bank," Coronet Films, 1963, 14 min., c

"Money Talks," American Bankers Association, U. S. National Bank, 11 min.

"Story of Our Money System," Coronet Films, 1960, 11 min.

"What Is Money?" Coronet Films, 1947, 10 min. (Follows a $5 bill on its travels)

Textbooks

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, 1957, Chapter 22

Moore and Others: Building a Free Nation, Charles Scribner's Sons, New York, 1955, Chapter 7

Wilder and Others: This is America's Story, Houghton Mifflin Company, Boston, 1960, Chapter 14

SUPPORTING CONCEPT	**RELATED ACTIVITIES**
AND SERVICES. HOWEVER, THE MONEY THAT BANKS LEND BELONGS TO OTHER PEOPLE. IF TOO MANY OF THEM TRY TO WITHDRAW THEIR DEPOSITS OR TO REDEEM THEIR BANK NOTES, THE BANK WILL HAVE TO CLOSE AND A FINANCIAL PANIC MAY DEVELOP. Extreme caution: Banks did print their own bank notes in the old days, but they cannot do that now. The activities mention bank notes because the modern procedure, which has the same effect, is more complicated.	Role playing: A potential depositor approaches the bank. Will my gold be safe if I deposit it with you? Will you pay me interest on my deposit? Role playing: Start a rumor that the invention wouldn't work and the inventor won't be able to repay the bank. Depositors and bank note holders get worried. They all try to withdraw their deposits and to cash their bank notes for gold. Will the bank have enough gold to pay them all? What should the bank do to reassure them? What will happen if it cannot do so? (Note: The borrowers have taken the gold and bank notes away from the bank and have spent them. The bank cannot pay the depositors until the borrowers pay back their loans.) Role playing: Our inventor took our bank notes to another city and exchanged them at the bank there for local bank notes with which to buy the things he needed. People in that city hear a rumor that our bank has failed. They fear that their bank holds large quantities of worthless bank notes from our bank. What will they do? (Try to withdraw their deposits.) What if a bank in a third city holds notes from the second bank?

EVALUATION AND NOTES

Can the class explain what a "run" on a bank is? Can they explain how a "run" on one bank might affect others?

Can the class explain why bank notes are worth anything? (People accept them as money, partly because the bank promises to redeem them in gold on demand.) Why is gold worth anything? (People accept it as money, can use it for teeth or in jewelry.)

Does the class see how a bank with $100 worth of gold in its vault might be able to make loans of $1,000 or more? (It prints $1,000 worth of bank notes and gives them to the borrowers in return for their IOU's.)

RESOURCES

Other Sources

Bernstein, Peter: Primer on Money, Banking and Gold, Random House, New York, 1965, 180 pp. (paperback)

Chase, Stuart: Money to Grow on, Random House, New York, 1965, paperback

Dawson, George: "The U.S. Grows," Junior Scholastic, Oct. 28, 1965, pp. 12-13

Faulkner, Harold: American Economic History, 8th Edition, Harper and Row Publishers, New York, 1960

You and Your Money, Federal Reserve Bank of Richmond, Virginia

Films

"Story of Money," International Film Bureau, 1946, 20 min., (Shows present monetary system as it has developed from the earliest days of simple barter to the complexities of modern banking.)

"The Story of Our Money System," Coronet Films, 1960, 11 min., c (Development of our unified money system is carefully traced from the ancient practice of bartering to the convenient forms of exchange today.)

Filmstrip

"Inflation and You," McGraw-Hill Book Company, 1962, 40 fr., c

SUPPORTING CONCEPT

3. POLITICAL STRUGGLES DEVELOPED BETWEEN THOSE WHO FAVORED "LOOSE MONEY"* (RELATIVELY FREE ISSUE OF PAPER MONEY BY GOVERNMENTS AND BANKS) AND "TIGHT MONEY"* (RELATIVELY LIMITED ISSUE OF PAPER MONEY BY GOVERNMENTS AND BANKS).

GENERALLY SPEAKING, BORROWERS FAVORED LOOSE MONEY, BECAUSE THEY WERE AFRAID OF PANICS AND WANTED STABLE PRICES.

RELATED ACTIVITIES

Make a paper chain or a chain-like chart to show the relationship between "loose money" and price increases. Money is "loose"→businessmen and consumers borrow more→they buy goods and services with the borrowed money→those who sell to them can buy more goods and services, too→employment rises→ eventually shortages develop and prices go up.

Make a chart: Who Gains from Higher Prices?
Then wheat sold for 50¢ a bushel
Now wheat sells for $1.00 a bushel**

THEN-Farmer Brown borrowed $100. How many bushels would $100 buy then? How many bushels must he repay now?
THEN-Widow Smith has a $100 pension. How many bushels would $100 buy then? How many bushels will it buy now?
THEN-Banker Black lent someone $100. How many bushels would $100 buy then? How many bushels will Banker Black get now?
THEN-Landlord Jones bought a house for $1,000. How many bushels would $1,000 buy then? How many bushels could he get for the house now?

Discuss how these people would feel about loose money and tight money.

Divide the class into two groups. One group wants new laws to prevent bank failures and prevent panics. The other group is against laws that would cause "tight money." How do the groups react to laws that would—

- Prevent banks from lending money
- Regulate the kinds of loans a bank can make
- Stop banks from issuing bank notes. (Note: Failures are still possible if the banks lend gold.)
- To require banks to keep $1 in deposited gold in their vaults (in "reserve") for each $2 worth of bank notes that they issue.
- To forbid a bank in one city from exchanging its bank notes for those issued by a bank in another city.

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*"Loose money" and "tight money" are modern phrases, but they are quite appropriate for the historical situation.

**The price of wheat is an adequate indication of the general price level. A price index would be better if the class understands it. See Appendix 109 See also page 114.

EVALUATION AND NOTES

Do students have a good idea of the mechanics by which a bank could issue bank notes in excess of its deposits of gold and silver?

Can students explain that the Panic of 1837 was caused, in part, by the inability of banks to redeem their bank notes?

Can students use numbers and examples to show how inflation hurts lending institutions and those with fixed incomes?

RESOURCES

Textbooks

Graff, Henry F.: The Free and the Brave, Rand McNally and Company, Chicago, 1967, Chapter 15, pp. 329-332 (state-adopted text)

Other Sources

Dawson, G.: "How President Jackson Fought the Bank's Bank," Junior Scholastic, November 1965, pp. 11-12

Dawson, G.: "Inflation, Tariffs, and Oncoming Civil War," Junior Scholastic, November 11, 1965, pp. 17-18

Films

"Inflation," Encyclopaedia Britannica Films, 21 min.

"Bank Holiday Crisis of 1933," McGraw-Hill Book Company, 27 min.

"Troubles in Paradise," Institute of Life Insurance, 12 min. (presents story of inflation)

Filmstrips

"Money and Panic," Encyclopaedia Britannica Films, 1951, 63 fr., (Certain men on Enterprise Island take steps to protect a joint investment.)

SUPPORTING CONCEPT

4. A NUMBER OF INNOVATIONS STIMULATED ECONOMIC GROWTH IN THIS PERIOD. THESE INCLUDED MECHANICAL INVENTIONS, IMPROVEMENTS IN THE TRANSPORTATION SYSTEM, NATIONAL BANKS, AND OTHER NEW FINANCIAL INSTITUTIONS. MANY OF THE INNOVATIONS CONTRIBUTED TO A GREATER DEGREE OF SPECIALIZATION IN THE NORTH, SOUTH, AND WEST.

RELATED ACTIVITIES

Start a "Hall of Fame." Class votes on nominations made by individual students who tell what the candidate did and the importance of his or her contribution. Include people who invented things, people who started new ways of doing things (innovators), politicians, generals, etc. Nicely printed name cards, a short statement of the individual's contribution, and a picture, profile, or papier mache bust could be displayed. See Appendix in this Guide, page 107.

Use the blackboard to list all the inventions and innovations the class can think of. Have each student copy the list, but in chronological order: e.g., Before the Discovery of America, Colonial Times, Revolutionary Period, Pre-Civil War, After 1850.

After the lists are finished, have members of the class find out about each invention or innovation and tell a little about the circumstances that led to it.

Prepare a mural of invention, innovation, and change. Put parallel strips along the length of the bulletin board with pictures and brief explanations of developments.

	1600	1700	1800	1900
Communication				
Transportation				
Industry				
Housing				
Agriculture				
Finance				
Education				
Anything of individual interest: guns, clothing, washing machines				

See if the students can discover how some of the important innovations were financed. Did the money come from government, from wealthy individuals, from the sale of stock to individual citizens? How could we have made it easier for inventors and innovators to find money for their ideas? Would we have been better off if we had spent more of this money for education or to improve the living standards of the people?

EVALUATION AND NOTES

Can students place various inventions and innovations in approximate chronological order so that a sequence of development can be shown?

Can students identify technological improvements with related economic, political, and social events of history?

Have students studied the development of such inventors as Fulton, Whitney, Edison, McCormick, Howe, or Samuel Colt to see some of the difficulties they had in financing their work and in getting people to accept it after they had finished?

Do students see that new institutions (schools, banks, a stock market) and improved ways of doing things may be as important as mechanical inventions?

RESOURCES

Textbooks

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapter 15 (state-adopted text)

Graff, Henry F.: The Free and the Brave, Rand McNally and Company, Chicago, 1967, Chapter 14 (state-adopted text)

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957, Chapters 16, 17

Other Sources

Gutman, Peter M.: Economic Growth, an American Problem, Prentice Hall, Inc., New Jersey, 1964

Henderson, Hubert D.: Supply and Demand, Harcourt, Brace and Company, New York, 1922, 181 pp., paperback

Leibenstein, Harvey: Economic Backwardness and Economic Growth, John Wiley and Sons, New York, 1957, 295 pp., paperback

Samuelson, Paul A.: Economics: An Introductory Analysis, McGraw-Hill Book Company, New York, 6th Edition, 1964, 838 pp.

Films

"Beginnings and Growth of Industrial America," Coronet Films, 1964, 11 min.,c

"Boyhood of Thomas Edison," Coronet Films, 1964, 14 min., c

"Eli Whitney," Encyclopaedia Britannica Films, 1951, 18 min.

"Inventions in America's Growth," (Part I, 1750-1850), Coronet Films, 1956, 11 min.

Filmstrips

"Robert Fulton," Third Edition, Curriculum Materials Center, 1951, 27 fr., c

Sectional Conflict and Civil War

BIG IDEA: An Argument Over Tariff Policy Helped Cause the War. The War Caused an Inflation in Both the North and South.

An argument over tariff policy helped cause the Civil War. The North favored high tariffs because they meant higher prices for its industrial products and less competition for its industries. The South favored low tariffs because they meant lower prices for the things it bought and a stronger foreign demand for its cotton and tobacco.

By the time of the Civil War, the North and West had developed a strong, diversified, and relatively self-sufficient economy with good industrial potential. The War did not disrupt the basic structure of the northern economy, and it was a relatively easy matter to shift available resources from peace time uses to the production of wartime goods and services.

However, when the war came, the South found itself cut off from its usual markets and its usual sources of manufactured goods. The South also found that resources developed for the production of cotton and tobacco could not easily be used for the production of military goods and services.

The governments of both the North and South had to buy great quantities of war materials. The resources to make these things — labor, capital, and natural resources — were already being used to make civilian goods and services. When the government demand was added to the civilian demand, shortages developed and prices and wages started to rise.

(continued on page 63)

SUPPORTING CONCEPT	RELATED ACTIVITIES
1. HIGHER TARIFFS HELPED THE NORTH BECAUSE THEY MEANT HIGHER PRICES AND LESS COMPETITION FOR INDUSTRIAL PRODUCTS. THEY	Discuss "comparative advantage." See Appendix in this Guide, page 108. Make a before and after tariff chart. Before, an English metal lathe sells for $1,000, an American equivalent for $1,100. After, the English lathe cost $1,000 plus 25 percent tariff, or $1,250; the American equivalent still sells for $1,100.
(more)	(more)

The governments got the money they needed for war supplies by (a) selling bonds and raising taxes, and (b) by printing it. The first method reduced inflationary pressures, for people who pay taxes or buy bonds have less money to spend on civilian goods and services. The printing press method made the inflationary pressures worse because those who received paper money from the government could buy civilian goods and services with it.

SUPPORTING CONCEPTS

1. Higher tariffs helped the North because they meant higher prices and less competition for Northern products. They hurt the South because it had to pay the higher prices, and because they reduced foreign demand for cotton and tobacco.

2. It was easier for the North to shift its resources from peacetime to wartime uses. The South, which had specialized in cotton and tobacco and depended on northern and foreign-manufactured goods, found the transition more difficult.

3. In both the North and South, increased civilian and military demand for goods and services led to shortages and price increases. The price increases hurt some groups more than they hurt others.

4. The governments got the money they needed for war supplies by (a) selling bonds and raising taxes and (b) by printing money. The first method reduced inflationary pressures. The second method made the inflationary pressures worse.

EVALUATION AND NOTES

Can students state the tariff arguments common to the economic interests of the North, South, and West?

Can students explain the effect of both high and low tariffs on the dominant economic activities of each section?

Have students made a count of possible votes in the United States Senate according to the numbers of states in support or in opposition to economic interests of each region? (Voting by pure economic interests cannot be assumed; however, history does bear out such a record.)

(more)

RESOURCES

Textbooks

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapters 18, 19 (state-adopted text)

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957, Chapters 18, 19

Moore and Others: Building a Free Nation, Charles Scribner's Sons, New York, 1955, Chapters 10, 13, 14

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955 Chapter 11

(more)

SECTIONAL CONFLICT AND CIVIL WAR (continued)

SUPPORTING CONCEPT

HURT THE SOUTH, BECAUSE IT HAD TO PAY THE HIGHER PRICES AND BECAUSE THEY TENDED TO REDUCE FOREIGN DEMAND FOR COTTON AND TOBACCO.

RELATED ACTIVITIES

	Before	After
Lathe buyer	I buy English	I buy American
British lathe producer	I sell	I cannot sell
American lathe producer	I cannot sell	I sell
English textile producer	I buy American cotton*	I look for other cotton*

Role play a Senate debate on tariff policy. Appoint student "senators" to represent northern manufacturing and shipping interests, southern cotton and tobacco farmers, western farmers and livestock growers. After the debate, vote for or against a higher tariff according to the interests of each state.

True or false test. Each student writes two or more questions and answers. Teacher reads the questions, class marks T or F for each. Teacher then reads the answers. When students challenge one of the answers, the student who wrote it must defend his position.

Reducto ad absurdum: Higher tariffs helped the U.S. by encouraging American industry. Therefore, each state should impose tariffs to protect state industry. Therefore, each city should impose tariffs to protect city industry. Therefore, each block in each city should impose tariffs to protect block industry.

The military preparedness argument is often used to justify tariffs. Ask students to look for newspaper or magazine articles about industries in which some other country has an advantage but is not permitted to become the sole supplier to the United States for military reasons.

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*The British textile producer buys American cotton with American dollars. He buys these from the British lathe producer, who earned them when he sold the lathe in the United States. If the lathe producer cannot sell the lathe for dollars, there are no dollars for the textile producer to buy and no way for him to pay for the cotton. (Or, if you like, he has to pay more English pounds for the dollars, so that American cotton now comes to cost more English pounds than other cotton.)

EVALUATION AND NOTES

Can students diagram the effect of United States tariffs on overseas consumers of American cotton and tobacco? On American consumers of imported goods?

RESOURCES

Wilder and Others: This is America's Story, Houghton Mifflin Company, Boston, 1960, Chapter 19

Other Sources

Dawson, G.: "The Civil War: Taxes, Prices Play Big Part," Junior Scholastic, November 18, 1965

Faulkner, Harold: American Economic History, 8th Edition, Harper and Row Publishers, New York, 1960, pp. 152-163

Films

"Introduction to Foreign Trade," Coronet Films, 11 min.

"Protective Tariff Versus Free Trade," McGraw-Hill Book Company, 26 min.

Filmstrips

"Understanding International Trade," McGraw-Hill Book Company, 1962, 40 fr.

SUPPORTING CONCEPT

2. IT WAS EASIER FOR THE NORTH TO SHIFT ITS RESOURCES FROM PEACETIME TO WARTIME USES. THE SOUTH, WHICH HAD SPECIALIZED IN COTTON AND TOBACCO, AND DEPENDED ON NORTHERN AND FOREIGN-MANUFACTURED GOODS, FOUND THE TRANSITION MUCH MORE DIFFICULT.

RELATED ACTIVITIES

Use stories or other descriptions of the way in which people lived at the time of the Civil War. Ask the students to imagine that they were living in the North or South, or a city, or a rural area and how the war would affect them and what shortages might develop.

Compare the wartime economic potential of North and South. See Appendix in this Guide, page 109.

Make a bulletin board display to dramatize the "battle" for resources.

Supply of Resources

- Men (labor)
- Horses and mules
- Farms, wheat
- Farms, corn
- Farms, cotton
- Farms, tobacco
- Factories
- Railways
- Ships

Demand for Resources

- Civilian
  - Clothing
  - Food
  - Shelter
  - Manufactured goods
  - Transportation
  - New factories and machinery
- Military
  - Clothing
  - Food
  - Guns and munitions
  - Transportation

Ask the class, or appoint committees, to deal with questions like these:

1) How can we increase our resources?
2) Will civilian demand for particular goods and services increase or decrease with the war emergency?
3) How will military demands for resources affect our output of particular civilian goods and services?
4) How can we cut down on civilian demand for particular goods so as to free resources for military production?

Establish "emergency economic committees" for the North and South. Have each committee analyze the resources at its disposal and the previous sources of the goods and services it will need. What trouble spots do these committees see? What policies will they recommend? How do their recommendations compare with the policies actually followed by the North or South?

EVALUATION AND NOTES

Have students compared such industrial indicators as manpower, transportation facilities, variety of raw materials, past production of goods and services, and examples of capital investments to establish the fact of northern industrial power over the South?

Has the nature of Southern specialization (cotton, tobacco, and plantation system) been identified?

Have students compared the needs of a wartime economy with the economies of the North and South?

RESOURCES

Textbooks

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapters 18, 19 (state-adopted text)

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957, Chapters 18, 19

Moore and Others: Building a Free Nation, Charles Scribner's Sons, New York, 1955, Chapters 10, 13, 14

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955, Chapter 11

Wilder and Others: This Is America's Story, Houghton Mifflin Company, Boston, 1960, Chapter 19

Other Sources

"Civil War Centennial Map," 41"x28", Reynolds Metal Co., 1961. (Shows important battles, chronology with dates, battles, and weapons)

Films

"Civil War: Background Issues (1820-1860)," Coronet Films, 1963, 15 min.,c

"Civil War: First Two Years," Coronet Films, 1963, 16 min., c

"True Story of the Civil War," McGraw-Hill Book Company, 1957, 33 min.

Filmstrips

"Causes of the Civil War," Encyclopaedia Britannica Films, 1958, 50 fr., c

"The Anti-Slavery Crusade," Heritage Filmstrips, 1951, 47 fr.

"The Civil War at Sea," Encyclopaedia Britannica Films, 1958, 50 fr., c

SUPPORTING CONCEPT

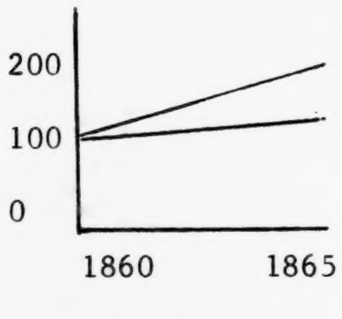
3. IN BOTH THE NORTH AND SOUTH INCREASED CIVILIAN AND MILITARY DEMAND FOR GOODS AND SERVICES LED TO SHORTAGES AND PRICE INCREASES. THE PRICE INCREASES HURT SOME GROUPS MORE THAN THEY HURT OTHERS.

RELATED ACTIVITIES

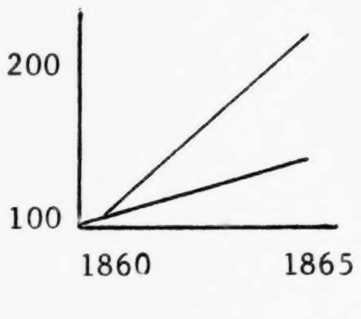
Ask the class to make line or bar charts of these index numbers (they are from the 1893 Aldrich Report to Congress.)

Year	Prices	Wages
1860	100.0	100.0
1861	100.6	100.8
1862	117.8	102.9
1863	148.6	110.5
1864	190.5	125.6
1865	216.8	143.1

Point out the difference between "straight" and "gee whiz" charts (the vertical scale makes the difference). Ask the class to make both kinds from the same figures.



"Straight"



"Gee Whiz"

Which went up faster between (say) 1862 and 1864—prices or wages? Have the students use their charts to explain what happened. Advanced students might want to see if this caused labor union activity. (The Locomotive Engineers', Plasterers', Ship Carpenters', and Bricklayers' unions date from the Civil War.)

Ask the students to work out a price index of their own from the following example. (Use prices from your own cafeteria, if you like.)

Commodity	Amount Used	Price Then	Price Now
Milk	½ pint	$ .10	$ .15
Hot dog	1	.20	.30
Soup	1 bowl	.10	.15
Ice Cream	1 cone	.10	.10
	Total	$ .50	$ .70
	Times a factor of	2	2
	Price Index	100	140

(more)

EVALUATION AND NOTES

Can students use index numbers or percentage changes when they talk about changes in prices or wages?

Can some of the students show how an increase in demand will result in price increases if the available quantity of goods and services remains the same.

Can students explain why inflation hurts some groups and benefits others?

Do students recognize "gee whiz" charts when they see them in current magazines?

Have students discussed current news items about actual or predicted price increases.

Can students construct and explain simple charts and graphs?

RESOURCES

Textbooks

See list for Concept 2, page 67

Other Sources

Faulkner, Harold H.: American Economic History, 8th Edition, Harper and Row Publishers, New York, 1960 pp. 327, 345, 510-511

Films

"Story of Our Money System,"Coronet Films, 1960, 11 min., c

"The Times of Abraham Lincoln," Curriculum Materials Center, 1951, 27 fr., c

SUPPORTING CONCEPT | **RELATED ACTIVITIES**

Could we make an index so that prices now would be 100? Yes. Use a factor of 1.43 now and work backward.

What if people start eating more ice cream and less soup? (The index becomes less accurate.)

Look at price indexes for the Revolutionary War, the Civil War, World Wars I and II, and the Korean War. Was the Civil War inflation as bad as the others? Why do prices tend to rise in wartime? See Appendix, this Guide, page 110.

Ask the students to make two lists: those who probably gained from the Civil War inflation and those who were hurt by it. Include farmers, manufacturers, workers, people who were living on interest on government bonds, bankers. Why did the students think some of these people gained or lost?

Prepare another issue of the class newspaper with articles by students on war front and home front problems of the Civil War.

Make a display: Inflation Today? Use clippings about price increases, proposals to minimize them, etc.

4. THE GOVERNMENTS GOT THE MONEY THEY NEEDED FOR WAR SUPPLIES BY (a) SELLING BONDS AND RAISING TAXES AND (b) BY PRINTING PAPER MONEY.* THE FIRST METHOD

(more)

Appoint committees on "How to fight the Civil War without inflation." Remind students of the loose chain (p. 58): additional purchases of goods and services — higher demand for resources — possible shortages and price increases.

Committees should consider the following ways of limiting civilian purchases of goods and services: (a) higher taxes, (b) sale of governments bonds, (c) voluntary or compulsory ways of persuading civilians to buy less.

(more)

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*It was logical to issue paper money or "greenbacks," because nearly everyone used only paper money or coins when they bought and sold things. Modern Americans do most of their business by check, not with coins or paper money. Nowadays, instead of printing "greenbacks," our government sometimes institutes procedures which increase its bank deposits and thus permit it to write checks to pay for the things it buys. The effect is the same as with greenbacks, other things being equal, but greenbacks are easier to explain.

EVALUATION AND NOTES

Can the class explain how increased government purchases of specific war materials affected the economy (rifles, cloth for tents and uniforms, food)? Can the students explain how this might lead to inflation?

Can the students name three ways by which the governments of the North or South could get money for military purposes (taxes, borrowing, printing)?

(more)

RESOURCES

Films

"Inflation," Encyclopaedia Britannica Films, 1953, 22 min., c

Filmstrips

"Inflation and You," McGraw-Hill Book Company, 1962, 40 fr., c

SUPPORTING CONCEPT	**RELATED ACTIVITIES**
REDUCED INFLATIONARY PRESSURES. THE SECOND METHOD MADE THE INFLATIONARY PRESSURES WORSE.	Committee reports should explain (a) how their proposals would affect civilian purchases of goods and services, (b) what arguments they would use in getting Congress and the public to accept them, (c) if their proposals were actually used during the Civil War, and (d) if they seemed to work. Discussion: Why did the governments of both the North and South issue paper money with which to finance their purchases of military goods and services? Why didn't they rely on the sale of government bonds or on higher taxes? Didn't they care about trying to prevent inflation? The Morrill Tariff of 1861 was designed to raise funds for the federal government. It started at 25 percent and gradually rose to 47 percent, but it failed to raise the income expected. Try an essay contest with student judges. In 25 words or less explain why the tariff did not raise more money. (Because people stopped buying the foreign goods when the price went up.) Discuss: was this an accident or did some of those who proposed the tariff want it to work out this way?

EVALUATION AND NOTES

Can the students name two or three ways by which the governments of the North or South could have reduced private demand for goods or services (higher taxes, rationing, and persuasion)?

Is the class able to compare the inflationary problems of the Civil War period with those of the Vietnam War period?

RESOURCES

Period of Industrialization

BIG IDEA: This Was Another Period of Economic Growth. Many Industries Came To Be Dominated By a Few Giant Corporations.

This was a period of rapid economic growth and change. We used our resources to build more and more capital goods — railways, factories, machines. Our labor force increased. We secured additional natural resources in the West and overseas. Our transportation system improved, increasing the productivity of our economy by making it possible for people and regions to specialize more than they ever had before. We developed new products and introduced new and more efficient ways of doing things.

Big businesses began to emerge after the Civil War and have played a major part in our economic system since the 1880's or 1890's. Big businesses are able to use very efficient methods of production (like the assembly line or the computer) that cannot be used by smaller businesses. Such methods contribute greatly to our national output and to our output per person. Many big businesses were founded by one man or by a few, and most of them were organized as corporations. Corporations, which are owned by stockholders, find it easier to raise large quantities of money. The top-management jobs in large corporations tend eventually to shift from the original founders and their families to professional managers. Such managers must answer to the stockholder-owners of the corporation, but in many corporations, the shares of stock are owned by so many different people that the managers are effectively in control.

Many industries came to be dominated by a few giant corporations. This caused problems because our economic system relies on competition to insure innovation and efficiency and to keep prices down. Competition in an industry dominated by three or four large corporations is much different than competition in an industry with hundreds of small businesses.

(continued on page 75)

SUPPORTING CONCEPT	RELATED ACTIVITIES
1. THIS WAS A PERIOD OF RAPID ECONOMIC GROWTH AND CHANGE. OUR ECONOMY GREW BECAUSE (a) WE FOUND ADDITIONAL RESOURCES, NOT ONLY NATURAL RESOURCES, BUT ALSO ADDITIONAL (more)	Measure our economic growth since 1860. Use line charts and pie charts. Concentrate on the "big" economic variables, the ones we pay attention to today. The Appendix in this Guide, page 111 will give you figures, as far back as they go, for: Gross National Product — our total output of goods and services GNP per capita — our output per person, a rough measure of the American standard of living The Labor Force (Appendix, page 112) Population — urban and rural (Appendix, page 113) Output per man-hour — to show how our productivity increased. (Appendix, page 112) (more)

A number of today's labor organizations were formed in this period and our modern collective bargaining system began to develop.

SUPPORTING CONCEPTS

1. This was a period of rapid economic growth and change. Our economy grew because (a) we found additional resources, not only natural resources, but also additional capital (tools and machinery) and additional labor; (b) an improved transportation system made it easier for people and regions to specialize: (c) we innovated, that is, we introduced new inventions and new ways of doing things; and (d) there was an increasing demand for the output of our economy.

2. Big businesses emerged after the Civil War and have played a major role in our economic system ever since. Such businesses are sometimes able to use very efficient methods of production that cannot be used by smaller firms.

3. Many big businesses were founded by one man or by a few, but most of them were organized as corporations and most of them are now run by professional managers rather than by the founder or his relatives.

4. As time went on many industries came to be dominated by a few giant corporations. This caused problems because our economic system relies on competition to insure innovation and efficiency and to keep prices down. Competition in an industry with three or four large firms is not the same thing as competition in an industry with hundreds of small businesses.

5. The basic structure of our present collective bargaining system was well established by the 1890's. We had local and international unions, "collective bargaining agreements," and strikes.

EVALUATION AND NOTES

Do the students understand that economic changes affect the way in which ordinary people live and work?

Can the students relate the stresses caused by economic change to political and social developments?

Are the students aware that economic change affects the kind of work that is done and the kinds of things that are produced in different parts of the country?

(more)

RESOURCES

Textbooks

Carls and Others: Our United States In a World of Neighbors, John C. Winston Company, Philadelphia, 1958, (Also 1964 Edition), Units II, III, IV

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapters 22, 23, 24 (state-adopted text)

(more)

THE PERIOD OF INDUSTRIALIZATION, 1865 - (continued)

SUPPORTING CONCEPT

CAPITAL (TOOLS AND MACHINERY) AND ADDITIONAL LABOR; (b) AN IMPROVED TRANSPORTATION SYSTEM MADE IT EASIER FOR PEOPLE AND REGIONS TO SPECIALIZE: (c) WE INNOVATED, THAT IS, WE INTRODUCED NEW INVENTIONS AND NEW WAYS OF DOING THINGS; AND (d) THERE WAS AN INCREASING DEMAND FOR THE OUTPUT OF OUR ECONOMY.

RELATED ACTIVITIES

Stress changes in the way in which people live. Have the class write essays on "A Day in My Life." Use the following characters and dates. (Mention clothing, tools, work, leisure, etc.)

A 15-year-old,	1860,	1900,	1970
A housewife,	"	"	"
A working man,	"	"	"
An executive,	"	"	"
A grandfather,	"	"	"

Draw maps showing the location of major industrial and farm areas in 1860, 1900, and 1970. These should show the westward movement of the economy and changes in the things that particular areas produced.

Organize a five-way debate on "The Single Most Important Reason for the Growth of Our Economy...." Have individuals or teams argue that the key factor was:

Better transportation
Invention and innovation
A larger and more skillful labor force
More capital and more natural resources
People who were willing and able to buy the growing output of our economy.

Note: Economists say that all of these were important but that innovation was particularly important.

EVALUATION AND NOTES

Do the students see that economic growth is due to a number of interrelated causes?

Are the students able to use basic statistics — GNP and GNP per capita — when they discuss economic growth and change?

Have students studied the ways in which governments encouraged railway companies by land grants, low cost loans, monopoly priviliges, and mail contracts?

RESOURCES

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957, Chapters 20, 21

Moore and Others: Building a Free Nation, Charles Scribner's Sons, New York, 1955, Chapters 15 and 16

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955, Chapter 14

Wilder, H. B.: This is America's Story, Houghton Mifflin Company, Boston, 1960, Chapter 22

Other Sources

"Water Transportation," Blackhurst, N.D., 24 plates

Films

"The Railroad Builders," Encyclopaedia Britannica Films, 1963, 14 min.

"Transportation," Informative Classroom Picture Publishers, 1947, 42 fr., (story from 1800 to present)

"Transportation — Land, Water, Air," Informative Classroom Picture Publishers, 1947, 38 fr.

Filmstrips

"Land Transportation," Young America Films, 1946, 48 fr.

"The Railroad in Transportation," Eyegate, 1952, 22 fr., c

"The Wheel in Transportation," Eyegate, 1952, 23 fr., c

"Transportation, U.S.A.," New York Times, January, 1964, 53 fr.

"Water Transportation," Young America Films, 1946, 64 fr.

(more)

SUPPORTING CONCEPT	**RELATED ACTIVITIES**
2. BIG BUSINESSES EMERGED AFTER THE CIVIL WAR AND HAVE PLAYED A MAJOR ROLE IN OUR ECONOMIC SYSTEM EVER SINCE. SUCH BUSINESSES ARE SOMETIMES ABLE TO USE VERY EFFICIENT METHODS OF PRODUCTION THAT CANNOT BE USED BY SMALLER FIRMS.	Ask the students to bring in pictures or descriptions of railroads, steel mills, telephone companies, and automobile factories. How much do they think the necessary machinery costs? Could small businesses operate such industries efficiently? Find a list of large businesses. Use those mentioned in your text, those you know about, those mentioned in the June issues of Fortune magazine, or those in the Appendix of this Guide, page 114 Have students find out something about these businesses—when founded, number of employees, name of founder, name of president. (Moody's Industrials* gives brief descriptions of such companies or try Fortune and other magazines.) Would supermarkets or large bakeries or large clothing concerns (like Hart Schaffner and Marx) have been successful before the Civil War? Make the point that large companies must have access to large markets — they need many, many buyers for their products. Pre-Civil War markets were small because the population was smaller and more scattered and because transportation was more difficult. Have the class analyze some of the major innovations. Which of them required large investments of capital and large markets? Which of them were successfully handled by small businesses? Which of them were put into use by the inventor himself and which by other "Innovators"? See Appendix in this Guide, page 107. Why do we have small businesses if large businesses are able to use such efficient methods? Show such films as "How the Market Evolved"** or those from the "Industry on Parade"** series which deals with specific companies. Notice how the (more)

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*Moody's Industrial Service, Industrial Volume

**See RESOURCES, page 79 for information on these films.

EVALUATION AND NOTES

The children don't have to use the phrase, "economies of scale," but do they really understand that only very large enterprises can efficiently produce some of the things we need. Can they give examples of such enterprises?

On the other hand, can they explain why small businesses may be better able to do some things than big businesses?

Is the class able to explain how the skills of an "inventor" might differ from those of an "Innovator"? (The inventor might be a workshop tinkerer; the innovator must be able to raise money, organize a large enterprise, get many, many people to buy the product.)

Does the class understand how large many of our well-known corporations are — in terms of the number of people they employ, the value of their sales, or the amount they have invested? Are they able to compare the size of such businesses with things they know about: the number of employees in the largest local firm or in the State of Oregon?

Can the class explain why it would be hard for a really large enterprise to operate on an isolated island or in a country with an inadequate transportation or communication system?

RESOURCES

"Water Transportation: Rivers, Lakes, and Canals," Society of Visual Education, 68 fr.

Films

"Beginnings and Growth of Industrial America," Coronet Films, 12 min.

"How the Market Evolved," National Association of Manufacturers, 30 min.

"Industry on Parade," #161, National Association of Manufacturers, 15 min.

business started, the machinery used, how much it probably costs, how large the business is, where it buys its raw materials, and where it sells its products.

3. MANY BIG BUSINESSES WERE FOUNDED BY ONE MAN OR BY A FEW, BUT MOST OF THEM WERE ORGANIZED AS CORPORATIONS AND MOST OF THEM ARE NOW RUN BY PROFESSIONAL MANAGERS RATHER THAN BY THE FOUNDER OR HIS RELATIVES.

Review the activities of such people as:

John D. Rockefeller - Standard Oil
Andrew Carnegie - U. S. Steel
James J. Hill - Great Northern Railway
Charles Goodyear - Goodyear Rubber
Thomas Lipton - Lipton Tea
Henry Ford - Ford Motor Company

How did these men get started? Where did they get their money? Did they form proprietorships, partnerships, or corporations? Who runs their companies now?

Invite a speaker from a local corporation or a high school student who is in the Junior Achievement Program to tell about the structure of a corporation, the duties of its officers, and its legal powers and liabilities.

Make a chart about (1) proprietorships (2) partnerships (3) corporations.

	(1)	(2)	(3)
Who owns. . . .	Proprietor	Partners	Stockholders
Who runs. . . .	"	"	Directors
Who is liable*.	"	"	Corporation**
Who gets profit	"	"	Corporation**
Who pays losses	"	"	Corporation
If owner dies .	ends	dissolves	continues

(more)

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*This gets at limited liability, a very important point. Stockholders have a "limited liability," they cannot lose more than they put into a company. Proprietors and partners can lose more than they put in; if someone sues the business for more money than it has, the proprietor or one of the partners may have to make up the difference.

**Corporations may but don't have to pay dividends to stockholders. Profits help stockholders, even without dividends, because they tend to increase the value of the stock. Losses tend to lower it.

EVALUATION AND NOTES

Can the students explain —
- The legal status of a corporation?
- Its powers and responsibilities?
- How it raises money for capital?
- How it is managed?

Have the students had an opportunity to read biographies of industrial or financial leaders of this period?

Can the students identify some modern corporations that were formed during the period of industrialization?

Can the class list some of the advantages and disadvantages of stock ownership?

RESOURCES

Textbooks

Carls and Others: Our United States in a World of Neighbors, John C. Winston Company, Philadelphia, 1958, Unit IV (Also 1964 Edition)

Other Sources

Teacher's handbook of the New York Stock Exchange

Films

"Andrew Carnegie," Encyclopaedia Britannica Films, 1951, 19 min.

"Behind the Ticker Tape," American Stock Exchange, 21 min., c

"Work of the Stock Exchange," Coronet Films, 1941, 15 min.

"World of Henry Ford," Ford, 1963, 35 min., c

Filmstrips

"The Stock Exchange, Parts I and II," Wayne University, 1950, 35 fr., 37 fr.

THE PERIOD OF INDUSTRIALIZATION, 1865 - (continued)

SUPPORTING CONCEPT	**RELATED ACTIVITIES**
	What are the most important types of businesses in your town or area? If cooperatives are important, ask a committee of students to find out what they do and how they differ from partnerships and cooperations. Organize a debate for an imaginary state legislature, 1870. "Should we pass a law to let anyone who wants to form a corporation?" Pro: encourage innovation, protect investors, permit business to continue for more than one lifetime. Con: leads to big businesses, people who are owed money won't be able to collect, directors may try to cheat stockholders by manipulating stock prices or by selling the corporation's assets to their friends.
4. AS TIME WENT ON, MANY INDUSTRIES CAME TO BE DOMINATED BY A FEW GIANT CORPORATIONS. THIS CAUSED PROBLEMS BECAUSE OUR ECONOMIC SYSTEM RELIES ON COMPETITION TO INSURE INNOVATION AND EFFICIENCY AND TO KEEP PRICES DOWN. COMPETITION IN AN INDUSTRY DOMINATED BY THREE OR FOUR LARGE CORPORATIONS IS MUCH DIFFERENT THAN COMPETITION IN AN INDUSTRY WITH HUNDREDS OF SMALL BUSINESSES.	Are prices likely to be lower in Portland, where there are many stores selling most products or in smaller towns, where there are only a few? Why or why not? Get the class to list industries in which few firms produce most of the output. Consider your own town (how many typewriter or music stores, for example) or consult the list in the Appendix of this Guide, page 115. How competitive is our economy? To get the class to think about this, take a list of companies like the following— Pacific Northwest Bell Southern Pacific Company General Motors Coca Cola Safeway Stores Bill's Hamburger Heaven Joe Brown, wheat farmer For each one ask: "How does this company attract its customers?" and "Who are its competitors?" Make two points: (a) all of the companies have competitors, one can write instead of telephoning, but those at the bottom have more than those at the top; (b) that not all of them compete in the same way, i.e., some rely more heavily on advertising, some on the quality of their product or service, some on lower prices, some on none of these things. (more)

EVALUATION AND NOTES

Note: Economists no longer make a sharp distinction between "monopolies" and competitive industries. In practice, most monopolies have competition (one can write a letter instead of telephoning) and most firms have some monopoly power (the corner drug store is a kind of monopoly, even though it has competition in the nearest shopping center).

Can the students name industries in which prices are regulated by the government and explain why this is so? (E.g., telephones, electric light and power, rail and air transportation.)

Can they identify some of the major laws which regulate business practices and explain why they were passed?

Have they discussed the growing importance of industrial research laboratories and how this might affect the prospects of a backyard inventor?

Have they discussed how easy or how difficult it might be for a new firm to enter an industry that is dominated by a few large companies, for example, automobile, aluminum, or soap?

(more)

RESOURCES

Textbooks

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapter 22 (state-adopted text)

Graff, Henry F.: The Free and the Brave, Rand McNally and Company, Chicago, 1967, Chapter 21 (state-adopted text)

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957, Chapter 22

Moore and Others: Building a Free Nation, Charles Scribner's Sons, New York, 1955, Chapter 17

Wilder, H.B.: This Is America's Story, Houghton Mifflin Company, Boston, 1960, Chapter 23

Other Sources

Packard, Vance: The Hidden Persuaders, David McKay Co., Inc., New York, 1957, 275 pp.

Films

"Competition in Business," Coronet Films, 1961, 14 min. (more)

SUPPORTING CONCEPT

RELATED ACTIVITIES

Now ask, which company or kind of company is most efficient or most likely to come up with a new product?

Take a close look at the laws we have passed to regulate corporations. Point out that we have laws to—

- Regulate the prices charged by railways and other public utilities
- Discourage trusts and mergers that might reduce competition
- Prevent "insiders" from cheating stockholders by manipulating stock prices or by stealing a company's assets
- Protect customers from short weight, impure or unsafe products, fraudulent advertising.

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5. THE BASIC STRUCTURE OF OUR PRESENT COLLECTIVE BARGAINING SYSTEM WAS WELL ESTABLISHED BY THE 1890's. WE HAD LOCAL AND INTERNATIONAL UNIONS, "COLLECTIVE BARGAINING AGREEMENTS," AND STRIKES.

Ask some students to make reports about unions they know about or are interested in (perhaps their parents or their friends are members). Have them find out about the local union, what kind of people are in it, and how it is run. Have them find out about the "national" or "international" union—International Association of Machinists, United Automobile Workers, International Brotherhood of Teamsters—and how it operates. They may want to interview the president or a business agent of the local. They may want to display copies of the "international union's" magazine or newspaper.

Get an actual labor-management agreement from a local firm or labor union. (Write to the Education Director, Oregon AFL-CIO, in Salem, Oregon, or to the central labor council for your city or county. Ask someone who is familiar with the agreement to explain it to the class or describe it yourself. Main points to cover are:

- Who is covered by the agreement?
- Do the employees have to join the union?
- Does it say anything about strikes or lockouts?
- What does it say about seniority?
- What does it say about wages?
- What does it say about working conditions?
- What does it say about grievances and arbitration?

Most strikes nowadays involve disputes about what a new collective bargaining agreement should say.

(more)

EVALUATION AND NOTES	RESOURCES
Can they name firms which produce products with which they are familiar and list some ways in which these firms compete with each other?	Filmstrips "Competition," Filmstrip House, 1963, 28 fr., c
Have the students seen an actual collective bargaining agreement? Can the students explain the functions of— A local union An international union A central labor council The AFL-CIO Have the students had an opportunity to read biographies of well-known labor leaders? Can the students objectively explain the issues involved in a current strike or labor dispute?	Textbooks Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957, Chapter 23 Moore and Others: Building a Free Nation, Charles Scribner's Sons, New York, 1955, Chapters 18 and 19 Other Sources Faulkner, Harold: American Economic History, 8th Ed., Harper and Row Publishers, New York, 1960, Chapter 22 Lens, Sidney: Working Men: The Story of Labor, G.P. Putnam's Sons, New York, 1961 Shippen, Katherine B.: This Union Cause: The Growth of Organized Labor in America, Harper and Brothers, New York, 1958, 180 pp. Films "Labor Movement: Beginnings and Growth in America," Coronet Films, 13½ min. "Rise of Organized Labor," McGraw-Hill Book Company, 1960, 18 min.

SUPPORTING CONCEPT	RELATED ACTIVITIES
	Arrange a mock negotiation based on the agreement you described. (Five-man teams for the company and the union go over the agreement, draw up their separate proposals for "improving it," and argue their positions in front of the class.) Show the movie, "Strike in Town." (See RESOURCES, page 87.
	Assign research topics on major labor organizations or major labor leaders.
	Watch the papers for news of an actual labor-management negotiation. See if the class can determine what the real issues are, what arguments are being used, and what factors affect the bargaining strength of the parties.
	Show "The Inheritance," an unusually good union film dealing with working conditions and labor-management relations in the 1890's and after.

EVALUATION AND NOTES

RESOURCES

"Strike in Town," McGraw-Hill Book Company, 28 min.

"The Grievance," McGraw-Hill Book Company, 30 min.

"The Inheritance," Anti-Defamation League, 1965, 45 min.

Filmstrips

"Labor," Filmstrip House, 1963, 30 fr., c

"Labor Closes Ranks," New York Times, 1955, 54 fr.

"Labor Problems and New Areas of Industry, (1865-1900)," Eyegate, 1956, 25 fr.

"Role of Our Labor Force--Pulse of the Nation," Joint Council on Economic Education, 3 fr., c

Modern Period

BIG IDEA: American Governments Came To Play An Increasingly Important Role In Our Economic Life.

Our country has become increasingly concerned with problems of economic stability and economic growth. We want our standards of living to increase. We want to avoid inflationary periods like those of World War I, World War II, Korea, and Viet Nam. We want to avoid depressions like those of 1921 and 1933. We want to enjoy the benefits of automation and to avoid costs of technological unemployment.

The Federal Reserve Board, established in 1914, attempts to secure economic stability and economic growth by regulating the banking system. When depression threatens, the Board makes it easier for banks to lend money. The idea is that people and businesses will borrow money and use it to buy more goods and services, thus reducing unemployment and causing Gross National Product to rise. When inflation threatens, the Board makes it harder for banks to lend money, thus reducing the demand for goods and services and removing some of the pressure on prices. More recently, the President and Congress have adjusted federal taxation and spending policies in an attempt to increase the demand for goods and services in depression and to reduce it in inflation.

Our governments — local, state, and federal — have been growing faster than the rest of the economy. Government purchases of goods and services — people and equipment for the military, for public schools and colleges, for highways, hospitals, regulatory agencies — have been increasing faster than private purchases of goods and services. At the same time our Government has undertaken programs designed to provide income to the poor, to the retired, to those who have lost their jobs because of industrial accidents or unemployment, to war veterans, and to other groups. These programs transfer income from one part of our population to another, but they don't involve substantial government purchases of goods and services.

(Continued on page 89)

SUPPORTING CONCEPT	**RELATED ACTIVITIES**
1. OUR COUNTRY HAS BECOME INCREASINGLY CONCERNED WITH PROBLEMS OF ECONOMIC GROWTH AND ECONOMIC STABILITY.	Focus on economic fluctuations since 1900. Does our economy seem to be more stable than it was? Is unemployment falling? Are prices more stable than they used to be? Refer to the Appendix in this Guide, pages 111 for information on — Gross National Product Gross National Product per capita Unemployment Price Changes Topics for group projects: research, charts, oral or written reports— a) What will happen to our GNP and to GNP per person if past trends continue until 1975 or

The United States has become increasingly involved in international affairs. Our exports and imports have grown. Our businesses continue to invest in foreign countries. Since World War II, we have carried out major programs of military and economic assistance to foreign countries. Gold has had an important part to play in all of these transactions because a country that accumulates more American dollars than it wants to spend can use them to buy American gold and vice versa. For many years the United States was in a position to buy foreign gold and did so. However, in recent years, gold has been flowing from the United States to foreign countries.

SUPPORTING CONCEPTS

1. Our country has become increasingly concerned with problems of economic growth and economic stability.
2. The Federal Reserve Board attempts to secure economic stability and economic growth by making it easier or harder for banks to lend money. The President and Congress attempt to secure economic stability and economic growth by adjusting federal taxation and spending policies.
3. Our governments — local, state, and federal — have been growing faster than the rest of the economy. Government purchases of goods and services have been increasing. So have government programs designed to transfer income from one part of the population to another.
4. The United States has become increasingly involved in international affairs. Our exports and imports have grown. Our businesses continue to invest in foreign countries. We have carried on major programs of military and economic assistance. Gold has had an important part to play in all of these transactions. In recent years gold has been flowing from the United States to foreign countries.

EVALUATION AND NOTES

Does the class know what is meant by "Gross National Product"?

Can the students look at a chart of GNP and relate it to economic fluctuations since 1900 or before?

Do the students understand that GNP in actual dollars measures price increases as well as increases in physical output? Do they know that we can remove the influence of price changes if we measure GNP in 1958 (or other years) dollars?

(more)

RESOURCES

Textbooks

Eibling, Harold H.: Our United States, Laidlaw Brothers, River Forest, Illinois, 1966, Chapter 29 (state-adopted text)

Graff, Henry F.: The Free and the Brave, Rand McNally and Company, Chicago, 1967, Chapters 22, 23, 24, 28 (state-adopted text)

Moon and MacGowan: Story of Our Land and People, Henry Holt and Company, New York, 1957, Chapter 22

SUPPORTING CONCEPT | **RELATED ACTIVITIES**

1980? How should we use the increase in GNP per capita — to abolish poverty, to rebuild our cities, to enlarge our space program, to secure better tools and factories, to obtain more leisure?

b) It looks as though our GNP will have to increase by 4 percent or 5 percent a year if we are to find new jobs for a growing labor force (about 1.9 percent a year) and for those who are replaced by automation and technological change (about 2.5 percent a year). Has our economy grown this fast before? What will happen if it does not? What should be done?

c) What has been happening to the demand for different kinds of labor? Are these trends likely to continue? What will they mean to people who graduate from high school or college in the 1970's? See Appendix in this Guide, page 117.

d) Plot figures on population to show how fast the different states are growing. Why do some states grow faster than others? How fast is Oregon growing? Will it be easier to find jobs in states that are growing fast? What will this mean to people who graduate from high school or college in the 1970's? See Appendix in this Guide, page 118.

e) Same as d, but use data for Oregon counties. See Appendix in this Guide, page 119.

EVALUATION AND NOTES

Has the class speculated about future trends in GNP and what these might mean to people they know?

Can the students relate probable trends in the demand for labor to their own career plans?

RESOURCES

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955, Chapters 27,28

Other Sources

"Do You Know Your Economic ABC's? How Gross National Product Mirrors Our Economy," U. S. Department of Commerce, Washington, D.C., 1966 (Revised) 35 pp.

"United States Economic Growth," U. S. Department of Commerce, Government Printing Office, Washington, D.C., (25¢)

Films and Filmstrips

"Goals and Growth," CBS Coleman-Schoenbrun, 30 min.

"Planning Our Foreign Policy, Problems of the Middle East," Encyclopaedia Britannica Films, 1954, 21 min.

"World War II," Encyclopaedia Britannica Films, 1956, 28 min.

"From War to Peace," Eyegate, 1957, 31 fr., c

"Measures Against the Depression," Eyegate, 1957, 42 fr., c

"Money and Banking," McGraw-Hill Book Company, 1963, 36 fr., c

"Our Stake in Asia," New York Times, 1963, 53 fr.

"South Vietnam," Jam Handy Organization, 1963, 40 fr.

"The Great Depression," Eyegate, 1957, 39 fr., c

"World War II," Eyegate, 1957, 42 fr., c

SUPPORTING CONCEPT

2. THE FEDERAL RESERVE BOARD ATTEMPTS TO SECURE ECONOMIC STABILITY AND ECONOMIC GROWTH BY MAKING IT EASIER OR HARDER FOR BANKS TO LEND MONEY. THE PRESIDENT AND CONGRESS ATTEMPT TO SECURE ECONOMIC STABILITY AND ECONOMIC GROWTH BY ADJUSTING FEDERAL TAXATION AND SPENDING POLICIES.

RELATED ACTIVITIES

Bulletin Board: "What our economy is doing now." Post clippings on unemployment, prices, the stock market, proposals for action by the Federal Reserve Board or Congress.

Scrapbook: The Federal Reserve in the News. Wait for the Board to take action—it does so once or twice a year. Then have students bring in clippings for the scrapbook. Compare the newest clippings with older clippings brought in by earlier classes. Use the scrapbook as a source for essays on "How the Federal Reserve Board Influences the Economy."

Avoid detailed discussion of Federal Reserve Board actions unless you understand them thoroughly but make sure that the class understands these chains—

The Federal Reserve Board makes it harder for banks to lend
So businesses and individuals cannot buy as much
So the demand for goods and services fails
So there is less upward pressure on prices

The Federal Reserve Board makes it easier for banks to lend
So businesses and individuals can buy more
So the demand for goods and services rises
So unemployment falls and output increases

Scrapbook: "The President and Congress React to Inflation and Depression." Handle like the Federal Reserve scrapbook but with clippings on debates and decisions about the use of taxes and government spending to stabilize the economy.

Make sure that the class understands these chains:

Higher taxes (or less government spending)
Mean businesses and individuals cannot buy as much
So the demand for goods and services fails
So there is less upward pressure on prices

Lower taxes (or more government spending)
Mean businesses and individuals buy more
So the demand for goods and services increases
So unemployment falls and output increases or prices tend to rise.

Economists know much more about economic instability now than they did when Herbert Hoover was President. With this in mind, ask the class to analyze the

(more)

EVALUATION AND NOTES

Has the class had an opportunity, once or twice during the year, to discuss the current status of the economy? Is unemployment or inflation a major problem now? Is the government or the Federal Reserve Board taking steps to stimulate economic activity or to retard it? How do spokesmen for business, labor, or other groups feel about what is happening or what should be done?

Has the class had an opportunity to discuss any important stabilizing actions that were recently put into effect by the government or by the Federal Reserve Board? For example: new tax laws or changes in the reserve requirement or in the rediscount rate.

Has the class been told that knowledge about economic stability, like knowledge about the atomic bomb, is only about thirty years old and could not have been used before that time?

Can the class analyze earlier periods of inflation or depression and speculate on what the government of the time could have or should have done in the light of our present economic knowledge?

RESOURCES

Textbooks

Carls and Others: Our United States In a World of Neighbors, John C. Winston Company, Philadelphia, 1958, Unit VI (Also 1964 Edition)

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955, Chapter 30

Wilder and Others: This Is America's Story, Houghton Mifflin Company, Boston, 1960, Chapter 29

Other Sources

Economic Report of the President, U. S. Government Printing Office, Washington, D.C., 196 - (published every January) $1.25

Filmstrips

"American Economy," New York Times, 1959, 55 fr.

"Our Growing America," Joint Council on Economic Education, 1956, 151 fr., c

"Period of Prosperity, 1923-1929," Eyegate, 1957, 41 fr., c

Films

"Exports, Imports, Dollars and Gold," CBS Coleman-Schoenbrun, 30 min.

"Search for Stability, CBS Coleman-Schoenbrun, 196_, 30 min.

SUPPORTING CONCEPT **RELATED ACTIVITIES**

steps that President Hoover and President Roosevelt took to end the Great Depression. Did they always do the right thing? What mistakes did they make? What should they have done?

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3. OUR GOVERNMENTS — LOCAL, STATE, AND FEDERAL — HAVE BEEN GROWING FASTER THAN THE REST OF THE ECONOMY. GOVERNMENT PURCHASES OF GOODS AND SERVICES HAVE BEEN INCREASING. SO HAVE GOVERNMENT PROGRAMS DESIGNED TO TRANSFER INCOME FROM ONE PART OF THE POPULATION TO ANOTHER.

Charts and graphs to show—
- The growth of government spending in dollars
- Government spending in relation to GNP
- Major items of government spending. Refer to the Appendix in this Guide, page 120.

Analyze the budget of a government agency. Watch the newspapers for summaries of federal, state, or local budgets or get a budget from one of your local agencies. Don't get bogged down in details but find out—
- Where does this agency get its money?
- What does it do with it?
- How would the class cut its budget by 10 percent?
- How would it increase it by 10 percent?

List regulatory agencies which affect students and their families or which are mentioned in the textbook.
- Policemen, truant officers, the curfew, dog catchers, barber examiners, plumbing and electrical inspectors, inspectors of weights and measures.
- Why do we have such people? What do they do? When did we first start regulating these things?

Get the class to think about the income-transfer effect of taxes. Have the class discuss and try to choose between—
- Taxes that soak the rich
- Taxes that soak the poor
- Taxes that hit everyone the same

Then force the class to be specific by asking them to vote on which of the three following tax programs they prefer.

Family Tax Payments

Family Income	A	B	C
$ 5,000	$500=10%	$500=10%	$500=10%
$20,000	$500=2.5%	$2000=10%	$4000=20%

(more)

EVALUATION AND NOTES

Can the class explain what has been happening to government spending, both in terms of total dollars and as a proportion of GNP?

Are the students able to list the three or four most important categories of federal and state and local spending? Can they indicate the approximate amounts involved?

Has the class had an opportunity to discuss the budget of an actual govermental unit?

Can the class analyze our national tax structure in terms of (a) which taxes are used by which levels of government and (b) how various taxes affect people of different income groups?

Can the students differentiate between (a) government purchases of goods and services for public use (b) the regulatory activities of government (c) social security and welfare programs?

Are the students able to use past statistical trends as a basis for their predictions about future economic conditions?

RESOURCES

Textbooks

Moore and Others: Building a Free Nation, Charles Scribner's Sons, New York, 1955, Chapter 22

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955, Chapter 31

Wilder and Others: This Is America's Story, Houghton Mifflin and Company, Boston, 1960, Chapters 31 and 32

Filmstrips

"Our Stake in China," New York Times, Oct., 1963, 53 fr.

"Problems of the New Administration," New York Times, 1953, 54 fr., (Eisenhower)

"The War Against Poverty," New York Times, 1966, 52 fr.

SUPPORTING CONCEPT

RELATED ACTIVITIES

Explain that—

A is a "regressive tax." The cigarette tax has this effect.
B is a "proportional tax." Sales and property taxes are roughly proportional.
C is a "progressive tax." Income taxes are generally progressive.

Charts and graphs to show—
- Where the federal government's dollar comes from and where it goes (See the Appendix in this Guide, page 122)
- Where the state and local governments' dollars come from and where they go (See the Appendix in this Guide, page 123)

Analytical essay: How much government spending will we have in 1980? Use the following information and have the students make their own estimates for the blank spaces. Why did they make the estimates they did? Did they assume that the 1950-65 rate of increase would continue in 1965-80? Did they base their estimates on the anticipated increase in population or in GNP?

	Actual		Estimated	
	Percent Change 1950-65	Total 1965	Percent Change 1965-80	Total 1980
Population	26.2%	194.6	24.3%	241.9 mill
GNP	140.2%	$684b	91.0%	$1,306.4 bil.
Total gov't spending	193%	$206b	____	________
Defense	203%	$ 55.8	____	________
Education	208%	$ 29.6	____	________
Social Sec.	261%	$ 24.9	____	________
All other*	99%	$ 70.3	____	________

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*See Appendix in this Guide pages 120, 121 for a slightly more detailed breakdown.

EVALUATION AND NOTES	RESOURCES
(See page 95 for Evaluation suggestions.)	(See page 95 for a list of textbook and filmstrip resources.)

THE MODERN PERIOD (continued)

SUPPORTING CONCEPT	**RELATED ACTIVITIES**
4. THE UNITED STATES HAS BECOME INCREASINGLY INVOLVED IN INTERNATIONAL AFFAIRS. OUR EXPORTS AND IMPORTS HAVE GROWN. OUR BUSINESSES CONTINUE TO INVEST IN FOREIGN COUNTRIES. WE HAVE CARRIED ON MAJOR PROGRAMS OF MILITARY AND ECONOMIC ASSISTANCE. GOLD HAS HAD AN IMPORTANT PART TO PLAY IN ALL OF THESE TRANSACTIONS. IN RECENT YEARS GOLD HAS BEEN FLOWING FROM THE UNITED STATES TO FOREIGN COUNTRIES.	Assign International Trade: Gateway to Growth, U.S. Department of Commerce, Washington, D.C., 1957, 38 pp. 25¢. Have groups of students make bulletin board displays with pictures of imports (foreign goods sold here) and exports (American goods sold overseas). Discussion: What would happen to our economy if we had no foreign trade? (People who make export goods would lose their jobs. We would have to do without tin, coffee, bananas, much of our copper and bauxite. Other countries that rely on U.S. markets would suffer greatly, e.g., Honduras and Eduador, etc.) Discussion: Why might it pay an American firm to build or buy a factory overseas? Should we encourage this? Should foreign countries? Introduce our current balance of payments problem. See the Appendix of this Guide, page 124.

EVALUATION AND NOTES

Can the class list some of our major imports and some of our major exports?

Can it explain why some imports are important to our economy? (Some imports are not available here; some are cheaper than domestic products; unless we buy imports from other countries, they won't be able to buy our exports.)

Has an important country devalued its currency recently? If so did the have an opportunity to discuss what happened and why?

Specialization, wider markets (to permit mass production), innovation, and increased supplies of capital are important factors in American economic growth. Does the class use such concepts when it discusses the desirability of increased trade between nations?

Can the students explain how specific international transactions affect our stock of gold? (Imports, exports, spending by United States tourists overseas, or by foreign tourists here, United States purchases of foreign stocks or bonds, a decision to send United States military equipment overseas.*)

RESOURCES

Textbooks

Carls and Others: Our United States in a World of Neighbors, John C. Winston Company, Philadelphia, 1958, Unit VI (state-adopted text)

Muzzey, David S.: A History of Our Country, Ginn and Company, Boston, 1955, Chapter 30

Wilder and Others: This Is America's Story, Houghton Mifflin Company, Boston, 1960, Chapter 29

Other Sources

Information Please Almanac, "planned and supervised by Dan Golenpaul Assoc.," MacMillan Company, New York, 1947-(pub. annually)

Daily newspapers - financial sections

Films

"Man in the 20th Century," McGraw-Hill, Book Company, 1950

"World Trade for Better Living," Encyclopaedia Britannica Films, 1951, 17 min.

Filmstrips

"Closer Ties with Our Neighbors," Eyegate, 1957, 35 fr., c

"Understanding International Trade," McGraw-Hill Book Company, 1962, 40 fr., c

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*United States purchases of foreign stocks and bonds, like United States purchases of import goods or spending by a United States tourist overseas, generally represent an outflow of gold. A decision to send military equipment overseas would not — the equipment goes but not the gold.

Appendix

MAJOR IDEAS AND SUB-IDEAS OF MODERN ECONOMICS

The following ideas and sub-ideas define the boundaries of the economic discipline and are guides to the things teachers should cover or emphasize.

The ideas are abridged and paraphrased from James D. Calderwood, Teachers Guide to Developmental Economic Education Program, Part One, Economic Ideas and Concepts (New York: Joint Council on Economic Education, 1964).

SEVEN BASIC ECONOMIC AREAS

I. WHAT ECONOMICS IS ALL ABOUT

II. PERSISTENT ECONOMIC PROBLEMS FACED BY ALL SOCIETIES

III. THE MARKET ECONOMY OF THE UNITED STATES AND HOW IT OPERATES

IV. ECONOMIC GROWTH AND STABILITY

V. DISTRIBUTION OF INCOME

VI. THE UNITED STATES AND THE WORLD ECONOMY

VII. OTHER ECONOMIC SYSTEMS

I. WHAT ECONOMICS IS ALL ABOUT

A. Economics....

1) Is primarily concerned with the allocation of scarce resources, with the ways in which a society decides

WHAT to produce
HOW to produce it
FOR WHOM to produce it.

2) Deals with a whole economy — how it works, grows, and adjusts to change.

3) Is also concerned with important parts of the society: consumers, businesses, labor unions, farms. However, a study of these parts is only part of the study of economics.

4) Does not decide personal or social goals. The study of economics helps us to identify goals — growth, stability, efficiency, justice, freedom, and so on — and to make intelligent choices between alternatives.

B. The study of economics is important because

1) Individuals have many economic problems of their own.

2) Citizens influence decisions on economic problems that affect the community, the nation, and the world.

3) People who can deal with economic problems in an organized and systematic way are better able to deal with other kinds of problems.

C. The real test of economic understanding is whether or not one has the ability to deal with future economic problems in an organized and systematic way.

1) This does not mean having memorized facts.

2) It does mean the ability to

a) Define the problem and find the facts

b) Identify the goals that we are trying to achieve, in order of priority

c) Decide what action is best, all things considered.

II. PERSISTENT ECONOMIC PROBLEMS FACED BY ALL SOCIETIES

A. All societies want economic goods and services.

1) Some of these wants are individual, some are collective; but a society's economic wants are never satisfied.

2) There are wants for consumption goods, that satisfy our needs directly, and wants for capital goods, that help us produce the things we want.

B. The process of making economic goods (and services) is called production. Those who engage in this process are called producers.

1) We cannot produce goods and provide services unless we have resources — the main ones are land, labor, and capital.

2) The amount of output that we get from our resources depends on the level of technology, the degree of specialization, the productivity of labor, and the amount of capital available.

C. Resources are scarce. We must decide how we want to use them because if we use our resources in one way we cannot use them in another.

D. An economic system is an organized way of making decisions about how to use scarce resources. (Economists speak of "the allocation of resources.") To do this society must decide what to produce, how to produce it, how much to produce, and for whom to produce it. Various economic systems make these decisions in different ways.

III. THE MARKET ECONOMY OF THE UNITED STATES AND HOW IT OPERATES

A. Ours is a modified private enterprise economy. Our citizens are free to buy what they can afford. They are free to go into business, hire labor and acquire resources, and produce what they think consumers will buy.

1) Producers make a profit if they are right about consumers' demands and suffer a loss if they are wrong. The profit motive thus encourages producers to produce and to shift from one line of production to another when consumers' wants change.

2) Our decisions on what goods to produce and how to produce them are thus influenced by consumer decisions as to how to spend their incomes.

B. There is a circular flow of income from businesses to those who provide resources; from the public to the government; and from those who save to those who invest. A simple model of this flow helps to explain the workings of the whole economy.

C. The market is a basic institution of the American economy.

1) The market adds up the economic decisions of individual buyers and sellers.

2) The ideas of demand and supply are useful in explaining how markets work and how price changes affect the incomes of producers and the amounts that consumers have left over to spend on other things.

3) Market prices are the main regulators of economic activity in the United States.

4) Competition is an essential part of the market mechanism. But, because monopoly or semi-monopoly exists in certain markets, we have passed anti-trust laws and decided to regulate the prices charged by certain industries.

5) Our governments regulate the economic activities of businessmen and consumers. They also affect the allocation of resources when they levy taxes, spend money on goods and services, or make money available to individuals.

IV. ECONOMIC GROWTH AND STABILITY

A. Economic growth may refer to either increases in total output or to increases in output per person.

1) We need growth so that we can raise our living standards and so we can provide enough jobs for our growing labor force.

2) We can grow if we increase our productive capacity by (a) increasing the number of workers, (b) making them better workers, (c) providing them with more capital (tools and machines), or (d) improving our technology and our managerial efficiency.

3) In a private enterprise, economy growth will take place only if effective demand increases — only if the economy is willing and able to buy an increasing output of goods and services.

B. Economic stability means keeping the economy on an even keel between inflation and depression. We want to keep the economy growing and we want to keep it stable.

C. The main tools for measuring the performance of the economy are called Gross National Product and National Income.

D. The level of output is mainly influenced by the level of effective demand — consumption demand plus government demand plus business demand plus foreign demand.

1) When business or government demand moves up or down, the economy tends to expand or contract. This in turn causes changes in consumer demand, which adds to the original expansion or contraction.

2) The government uses fiscal policy — changes the level of government spending and taxation — to influence the level of effective demand. This may have an impact on the national debt.

3) The monetary system also influences the level of effective demand. To know how this works one must understand (a) what money is and what its function is, (b) where money comes from, and (c) how and why the government tries to control the money supply.

V. DISTRIBUTION OF INCOME

A. A person's income determines how much he can buy. The distribution of income within the economy helps determine what goods the economy produces and for whom it produces them.

1) Most people receive incomes by selling productive services on a factor market.

2) Some people receive transfer payments not related to productive services.

B. Our markets may not distribute incomes in a just or proper way.

1) The government uses taxes and transfer payments to change the distribution of income. It also uses taxes to provide certain services that mostly benefit people with lower incomes.

2) Private groups, like unions, also alter the distribution of income.

3) Incomes are more equally distributed than before, but some people have very low or no incomes.

4) Profits are incomes to businessmen. But profits also reward business for taking a chance on a new product or with a new business. This is their main economic function.

C. Economic groups are concerned with the incomes of their members, but in the final analysis, what people earn depends on what they produce. Economic groups may advocate policies which tend to increase incomes of their own members even though they waste economic resources.

1) Labor unions attempt to influence labor incomes through collective bargaining and through the political process.

2) Many small farmers would not earn satisfactory incomes if farm prices were left to supply and demand. Farm prices tend to fall because farm output grows faster than the demand for farm products. Because of this, farmers advocate government price supports and other devices to keep farm incomes and prices at a higher level than they would otherwise be. Such devices also influence the allocation of resources.

3) Our people are concerned with security in their incomes. Activities in the economic security area may affect economic justice, economic stability, the efficiency with which the economy allocates resources, and the willingness of individuals to take risks necessary for economic growth.

VI. THE UNITED STATES AND WORLD ECONOMY

A. The American economy is tied to world economy.

1) In many fields, American jobs, incomes, and profits depend on sales to foreign countries.

2) Some of our industries require resources that we don't have or cannot produce in adequate quantities.

3) American businessmen often invest in businesses overseas. This helps other countries to produce things we need and helps them to increase their rates of economic growth.

B. World Trade takes place for the same reason that trade takes place within the United States....

BECAUSE IT PAYS TO SPECIALIZE IN WHAT YOU CAN DO BEST AND TO BUY FROM OTHERS WHAT THEY CAN PRODUCE MORE CHEAPLY THAN YOU CAN.*

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*This is simply stated, but not quite accurate. Imagine a Little League Ball Club in which each player can pitch better than he can do anything else. One of the nine will pitch, but he will be the only one to do the job at which he is best. The catcher will catch even though he is a better pitcher than a catcher. A better statement: "It pays to specialize in things at which you have a comparative advantage...."

C. World Trade is more complicated than domestic trade.

1) Different countries use different kinds of money. This requires various devices for exchanging one kind of money for another. These involve foreign exchange rates.

2) Balance of payments problems arise when a country tries to spend more foreign money than it has in order to buy foreign goods.

3) Countries impose tariffs and other barriers to trade in order to protect new industries, to insure self-sufficiency in time of war, or to protect the incomes of those in certain industries.

VII. OTHER ECONOMIC SYSTEMS

A. All societies face the same central economic problem — deciding how to use scarce resources (what to produce, how much to produce, and for whom to produce).

B. Throughout history different societies have approached this problem in different ways.

1) Some economies rely primarily on the market mechanism, with a restricted role for government.

2) Others rely heavily on centralized decision making.

a) This may be comprehensive and autocratic, as in the Soviet Union, or

b) Limited and democratic, as in Britain and India.

3) Most countries today are "mixed economies" in that some decisions are made in the market and others are made by central authority, either democratically or autocratically. The important thing is the nature of the "mix."

4) It is particularly important to avoid classifying economic systems into three rigid and unchanging classifications called capitalism, communism, and socialism. For example, there are significant differences between the economies of the United States and France, or Switzerland and New Zealand.

5) All economic systems change over the years.

C. The study of economic systems should emphasize different approaches to the central economic problem and changes in these approaches over the years. It should also emphasize the performance of different economic systems in the light of such criteria as growth, stability, efficiency, security, justice, and freedom.

TAXATION IN SPAIN*

Because the treasury had no money and Spain was trying to fight a war, Ferdinand and Isabella adopted a policy of forcing loans from the people, received credit by promising to repay from the money that they would earn in the future, and sold royal jewels. They taxed the products of industry by placing duties on imports and exports to the extent of one-tenth of their value. They taxed the sales of goods within the country and placed duties upon crossing bridges and clearing ports. All buying and selling, whether mobile or real property, were subject to a tax of one-tenth. This tax yielded more revenue than any other measure. Revenue was also received from the monopoly held on the royal mines and salt pits and from special taxes and aids which were levied every seven years. And finally the treasury received money from contributions to the Holy War as well as a percentage of the ecclesiastical tithes received from the church.

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*Mariejol, Jean H.: The Spain of Ferdinand and Isabella, Rutgers University Press, 1961, Chapter VII

VALUE* OF EXPORTS TO AND IMPORTS FROM ENGLAND BY THE AMERICAN COLONIES**—1697-1776

	Exports	Imports
1697	279,852	140,129
1700	395,021	344,341
1710	249,814	293,659
1720	468,188	319,702
1730	572,585	536,860
1740	718,416	813,382
1750	814,768	1,313,083
1760	761,099	2,611,764
1770	1,015,535	1,925,571
1776	103,964	55,415

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*In pound sterling

**Historical Statistics of the United States, Colonial Times to 1957, United States Department of Commerce, Bureau of the Census, Government Printing Office, 1960, p. 757

INVENTORS AND INVENTIONS*

Roger Bacon.	experimented with gunpowder, 1242
Berthold Schwarz	invented guns, 1345
Johann Gutenburg	printing press, 1450
Galileo Galilei.	telescope, 1609
Benjamin Franklin.	stove, 1742
James Hargreaves	1st spinning jenny, 1764
James Watt and Matthew Boulton .	steam engine, 1775
Eli Whitney.	cotton gin, 1793
Benjamin Franklin.	experiments with electric charges, 1800
Robert Fulton.	1st practical steamship, Clermont, 1807
George Stephenson.	1st railroad engine to haul coal, 1814
Cyrus H. McCormick	grain reaping machine, 1831
Samuel Colt.	revolvers, 1836
John Ericsson.	screw propeller for ships, 1839
Samuel F.B. Morse.	1st message on telegraph system, 1844
Henry Bessemer	steel processing, 1855
Christopher Latham Sholes. . . .	typewriter, 1867
Julius Hock.	light oil combustion engine, 1870
Alexander Graham Bell.	telephone, 1876
Ottmar Mergenthaler.	linotype machine, 1876
Thomas A. Edison	electric light, 1879
John Holland	1st practical submarine, 1881
Gottlieb Daimler	gas engine with electric spark, 1883
Guglielmo Marconi.	1st wireless, 1895
Wilbur and Orville Wright. . . .	1st airplane flight, 1903

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*Fletcher Pratt: All About Famous Inventors and Their Inventions, Random House, New York, 1955

POPULATION* OF THE UNITED STATES—1610-1985

1610. . . .	350	1750. . . .	1,170,760	1890. . .	63,056,000
1620. . . .	2,302	1760. . . .	1,593,625	1900. . .	76,094,000
1630. . . .	4,646	1770. . . .	2,148,076	1910. . .	92,407,000
1640. . . .	26,634	1780**. . .	2,780,369	1920. . .	106,466,000
1650. . . .	50,368	1790. . . .	3,929,000	1930. . .	123,077,000
1660. . . .	75,058	1800. . . .	5,297,000	1940. . .	131,954,000
1670. . . .	111,935	1810. . . .	7,224,000	1950*** .	151,234,000
1680. . . .	151,507	1820. . . .	9,618,000	1960. . .	180,684,000
1690. . . .	210,372	1830. . . .	12,901,000	1970. . .A	208,615,000
1700. . . .	250,888	1840. . . .	17,120,000	D	204,923,000
1710. . . .	331,711	1850. . . .	23,261,000	1980. . .A	250,489,000
1720. . . .	466,185	1860. . . .	31,513,000	D	227,665,000
1730. . . .	629,445	1870. . . .	39,905,000	1985# . .A	274,748,000
1740. . . .	905,563	1880. . . .	50,262,000	D	241,731,000

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*White and Negro

**U.S. Bureau of the Census: Historical Statistics of the U.S., Colonial Times to 1957, Government Printing Office, Washington, D.C., 1960

***Ibid., p. 7

#Economic Report of the President, January, 1967, Government Printing Office, Washington, D.C., 1967, p. 235

PRINCIPLE OF COMPARATIVE ADVANTAGE

HOW THE PRINCIPLE OF COMPARATIVE ADVANTAGE HELPS TO EXPLAIN WHY COUNTRIES AND REGIONS SPECIALIZE AND TRADE WITH EACH OTHER

Regions A and B both want to consume one unit of cloth and one unit of wine. If each region produces its own requirements and no trade takes place, 390 units of labor will be needed.

Region A	Region B
1# cloth requires 90# labor	1# cloth requires 100# labor
1# wine requires 80# labor	1# wine requires 120# labor
170# labor	220# labor

Total = 390# labor

Region A can produce both cloth and wine with fewer units of labor than B requires and is said to have an "absolute" advantage in both products.

However, Region A has a "comparative advantage" in wine (can produce it more easily than cloth) and Region B has a "comparative advantage" in cloth (can produce it more easily than wine). Therefore, if A concentrates on wine and B concentrates on cloth, they will be able to produce the same total amounts with only 360 units of labor.

Region A	Region B
2# wine requires 160# labor	2# cloth requires 200# labor

Total = 360# labor

The regions now have to exchange cloth and wine, because each of them wants to consume both products. But after the exchange both of them will be better off than they were at first.

Region A	Region B
1# wine	1# cloth
1# cloth (from B)	1# wine (from A)
170# labor used originally	220# labor used originally
160# labor used now	200# labor used now
10# labor saved	20# labor saved

They could, of course, use the labor that they saved to produce more cloth, more wine, or something else.

INDEX OF WHOLESALE PRICES ESTIMATED FOR THE UNITED STATES—1720-1789*

(1850-1859 = 100)

1720.	58.6	1760.	81.5
1725.	65.7	1765.	76.7
1730.	66.6	1770.	80.0
1735.	66.3	1775.	78.0
1740.	59.6	1780.	10,544.1
1745.	53.7	1785.	105.0
1750.	73.9	1789.	94.0
1755.	71.2		

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*United States Bureau of the Census: Historical Statistics of the United States, Colonial Times to 1957, Government Printing Office, Washington, D.C., 1960, p. 772

HOW THE ECONOMIES OF THE NORTH AND SOUTH COMPARED*

Money in circulation in the North was. . . .	1 1/3	times that of the South
Capital stock of banks was	2 1/3	times that of the South
Woolen goods produced were	15	times that of the South
Value of manufactured products was	5 1/2	times that of the South
Number of workers in manufacturing	6	times that of the South
Capital invested in manufacturing.	4 5/6	times that of the South
Manufacturing establishments	3 1/2	times that of the South
Miles of railroad track.	2	times that of the South
Improved acreage	1 1/16	times that of the South
White population	2	times that of the South

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*Patton, Robert D. and Warne, Clinton: The Development of the American Economy, Scott, Foresman and Company, Chicago, 1963, p. 193

Hacker, Louis M. and Modley, Rudolph: The United States: A Graphic History, Modern Age Books, Inc., New York, 1937, pp. 60, 62

PRICE INDEXES FOR WARS

REVOLUTIONARY WAR (Wholesale Prices 1850-59 = 100)[1]

1775	78.0	1779	2,969.1
1776	108.0	1780	10,544.1
1777	329.6	1781	5,085.8
1778	598.1	1782	139.6
		1783	119.1

CIVIL WAR (Consumer Prices, 1860 = 100)[2]

1860	100	1864	176
1861	101	1865	175
1862	113	1866	167
1863	135	1867	157

WORLD WAR I (Consumer Prices, 1947-49 = 100)[3]

1914	42.9	1918	64.3
1915	43.4	1919	74.0
1916	46.6	1920	85.7
1917	54.8	1921	76.4

WORLD WAR II (Consumer Prices, 1947-49 = 100)[4]

1940	59.9	1945	76.9
1941	62.9	1946	83.4
1942	69.7	1947	95.5
1943	74.0	1948	102.8
1944	75.2	1949	101.8

KOREAN WAR (Consumer Prices, 1947-49 = 100)[4]

1950	102.8	1953	114.4
1951	111.0	1954	114.8
1952	113.5	1955	114.5

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[1] United States Bureau of the Census: *Historical Statistics of the United States, Colonial Times to 1957*, Government Printing Office, Washington, D.C., 1960, p. 772

[2] *Ibid*., p. 27

[3] *Ibid*., p. 126

[4] *Ibid*., p. 125

GROSS NATIONAL PRODUCT, TOTAL AND PER CAPITA—1869-1965

	ACTUAL PRICES		ADJUSTED TO 1929 PRICES		ADJUSTED TO 1958 PRICES	
Year	Total in Billions	Per Capita Dollars	Total in Billions	Per Capita Dollars	Total in Billions	Per Capita Dollars
1869-1873[1]	6.71	165	9.11	223		
1872-1876	7.53	171	11.2	254		
1877-1881	9.18	186	16.1	327		
1882-1886	11.3	204	20.7	374		
1887-1891	12.3	199	24.0	388		
1889-1893	13.1	204	26.1	405		
1889-1893[2]	13.5	210	27.3	424		
1892-1896	13.6	199	29.6	434		
1897-1901	17.3	231	37.1	496		
1902-1906	24.2	294	46.8	569		
1907-1911	31.6	349	55.0	608		
1912-1916	40.3	408	62.5	632		
1917-1921	75.6	719	71.9	683		
1920	88.9	835	73.3	688		
1925	91.3	788	90.5	781		
1930	91.1	740	95.1	772	183.5	1,490[3]
1935	72.5	569	91.4	718	169.5	1,331
1940	100.6	761	121.0	916	227.2	1,720
1945	213.6	1,526	180.9	1,293	355.2	2,538
1950	284.6	1,876	187.1	1,233	355.3	2,342
1955	397.5	2,405	230.8	1,396	438.0	2,650
1960					487.7	2,699
1965					617.4	3,158

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[1] United States Bureau of the Census: Historical Statistics of the United States, Colonial Times to 1957, Government Printing Office, Washington, D.C., 1960, p. 139

[2] Ibid.

[3] Long Term Economic Growth, U. S. Department of Commerce, Bureau of the Census, Government Printing Office, Washington, D.C., 1966, pp. 166, 168

OUTPUT PER MAN-HOUR*—1874-1965

	(Index, 1929 = 100)		(Index, 1929 = 100)	(Index, 1957-59 = 100)
1874	33.0	1930	97.5	45.1
1884	44.8	1940	124.0	57.4
1890	45.7	1950	175.4	78.5
1900	55.6	1957	211.7	97.2
1910	64.4	1960		104.6
1920	78.3	1965		124.2

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*Long Term Economic Growth, U. S. Department of Commerce, Bureau of the Census, Government Printing Office, Washington, D.C., 1966.

TOTAL LABOR FORCE*—1860-1965 (In Thousands)

1860	10,533	1920	41,720
1870	12,925	1930	48,783
1880	17,392	1940**	56,180
1890**	22,811	1950	64,749
1900	28,500	1960	73,126
1910	36,850	1965	78,357

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*Historical Statistics of the United States, 1789-1945, U. S. Department of Commerce, Bureau of the Census, Government Printing Office, Washington, D. C., 1966, p. 72

**Long Term Economic Growth, U. S. Department of Commerce, Bureau of the Census, Government Printing Office, Washington, D.C., 1966, pp. 182, 183

URBAN AND RURAL POPULATION*—1830-1960

	Urban (1,000)	Rural (1,000)
1830.	1,127	11,739
1840.	1,845	15,224
1850.	3,544	19,684
1860.	6,217	25,227
1870.	9,902	28,656
1880.	14,130	36,026
1890.	22,106	40,841
1900.	30,160	45,835
1910.	41,999	49,973
1920.	54,158	51,553
1930.	68,955	53,820
1940.	74,424	57,246
1950**.	89,749	60,948
1960.	113,056	66,267

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*Historical Statistics of the United States, 1789-1945, U. S. Department of Commerce, Bureau of the Census, Government Printing Office, Washington, D. C., 1966, p. 29

**Statistical Abstract of the United States, 1966, U. S. Department of Commerce, Bureau of the Census, Government Printing Office, Washington, D. C., 1966, p. 15

TWENTY-FIVE LARGEST UNITED STATES INDUSTRIAL CORPORATIONS*

1. General Motors
2. Ford Motors
3. Standard Oil (N.J.)
4. General Electric
5. Chrysler
6. Mobil Oil
7. Texaco
8. U. S. Steel
9. International Bus. Machines
10. Gulf Oil
11. Western Electric
12. Du Pont (E.I.) de Nemours
13. Swift
14. Shell Oil
15. Standard Oil (Ind.)
16. Standard Oil of California
17. Bethlehem Steel
18. International Harvestor
19. Westinghouse Electric
20. Radio Corporation of America
21. Goodyear Tire and Rubber
22. General Telephone and Electronics
23. Boeing
24. Armour
25. National Dairy Products

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*Fortune Magazine, June 15, 1967, pp 196, 197

WHOLESALE PRICE INDEX*—1750-1950

1750**	60
1760	79
1770	77
1780	225
1790	90
1800	129
1810	131
1820	106
1830	91
1840	95
1850	84
1860	93
1870	135
1880	100
1890	82
1890***	56.2
1900	56.1
1910	70.4
1920	154.4
1930	86.4
1940	78.6
1950	161.5

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*Historical Statistics of the United States, Colonial Times to 1957, Department of Commerce, U. S. Bureau of the Census, Government Printing Office, Washington, D.C., 1960, pp. 115-117

**From 1750 to 1890, Warren and Pearson's concept from the above source is used. Index is based on 1910-14 = 100

***From 1890 to 1950, the Bureau of Labor Statistics concept from the above source is used, based on 1926 = 100

INDUSTRIES IN WHICH A FEW FIRMS PRODUCE MOST OF THE OUTPUT*—1958

Industry	Total Number of Firms	% Produced by Top 4 Firms
Aircraft propellers	17	97%
Locomotives and Parts	25	95
Telephone and Telegraph Equipment	44	92
Electric Lamps (bulbs)	35	92
Flat Glass	13	92
Safes and Vaults	31	91
Reclaimed Rubber	12	87
Salt	27	81
Typewriters	15	79
Phonograph Records	85	76
Rubber Foot Wear	22	65

INDUSTRIES IN WHICH A FEW FIRMS DO NOT PRODUCE MOST OF THE OUTPUT*

Book Printing	785	24%
Sheet Metal Works	3,066	15
Artificial Flowers	428	12
Lithographing	4,184	9
Wood Furniture	2,742	9
Plastics Products	3,094	8
Signs and Advertising Displays	2,689	5
Women's Suits and Coats	2,651	3

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*U.S. Senate Subcommittee on Antitrust and Monopoly, Concentration Ratios in Manufacturing Industries, 1958, Part I, 1962, pp. 10-42

RECENT ECONOMIC FLUCTUATIONS*

GNP from 1910 to 1965 in Billions of 1958 dollars

1910.	120.1
1915.	124.5
1920.	140.0
1925.	179.4
1930.	183.5
1935.	169.5
1940.	227.2
1945.	355.2
1950.	355.3
1955.	438.0
1960.	487.7
1965.	614.4
1966.	647.7

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*Long Term Economic Growth, U.S. Department of Commerce, Bureau of the Census, Government Printing Office, Washington, D.C., pp. 166, 167

Unemployment in Thousands*

1900.	1,420
1905.	1,000
1910.	2,150
1915.	3,840
1920.	1,670
1925.	1,800
1930.	4,340
1935.	10,610
1940.	8,120
1945.	670
1950.	3,142
1955.	2,654
1960.	3,852**
1965.	3,366
1967 (March). . .	2,954

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*Historical Statistics of the United States, Colonial Times to 1957, Department of Commerce, U.S. Bureau of the Census, Government Printing Office, Washington, D.C., 1960, p. 73

**Statistical Abstract of the United States, 1967, U. S. Department of Commerce, Bureau of the Census, Government Printing Office, 1967, p. 221

Retail Price Index (1957-59 = 100)*

1950.	83.8
1951.	90.5
1952.	92.5
1953.	93.2
1954.	93.6
1955.	93.3
1956.	94.7
1957.	98.0
1958.	100.7
1959.	101.5
1960.	103.1
1961.	104.2
1962.	105.4
1963.	106.7
1964.	108.1
1965.	109.9
1966.	113.1
1967.	116.3

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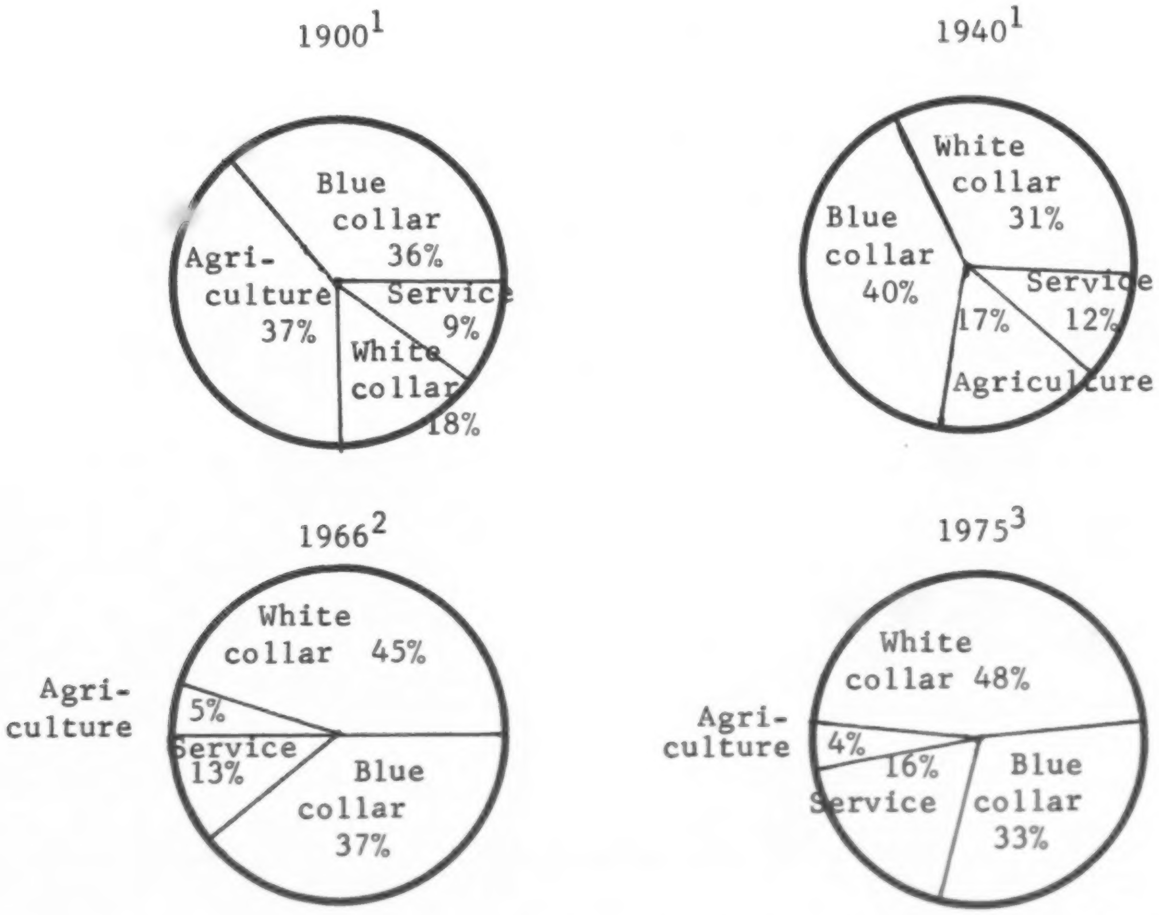
*Economic Report of the President, Government Printing Office, Washington, D. C., February 1968, p. 261

HOW OCCUPATIONS HAVE CHANGED SINCE 1900



White collar workers: accountants, pilots, doctors, photographers, managers, officials, bankers, stenographers, real estate salesmen, sales clerks

Manual workers: bakers, cabinet makers, locomotive engineers, sailors, painters, industrial production workers, laborers

Service workers: laundresses, housekeepers, bartenders, policemen, waiters and waitresses

Farm workers: owners, managers, tenants

[1] Historical Statistics of the United States, Colonial Times to 1957, Department of Commerce, U.S. Bureau of the Census, Government Printing Office, Washington, D.C., 1960, p. 74

[2] Statistical Abstract of the United States, 1967, U.S. Department of Commerce, Bureau of the Census, Government Printing Office, Washington, D.C., 1967, p. 230

[3] Technology and the American Economy, Government Printing Office, Washington, D. C., 1966, p. 240

POPULATION OF WASHINGTON, OREGON, CALIFORNIA*—1958-1985

(In Thousands)

	Washington	Oregon	California
1958.	2,773	1,718	14,880
1962.	2,944	1,817	16,990
1966.	2,980	1,955	18,918
Annual Average Increase 1950-1960	1.8	1.5	4.0
Annual Average Increase 1960-1966	.7	1.6	3.0
Projected Population 1975 .	3,304	2,239	24,129
Projected Population 1985 .	3,937	2,558	31,704

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*Statistical Abstract of the United States, 1967, U. S. Department of Commerce, Bureau of the Census, Government Printing Office, Washington, D. C., 1967, p. 12

HOW PACIFIC NORTHWEST OCCUPATIONS WILL CHANGE*—1960-1980

	1960	1980
All occupations.	100%	100%
Professional, technical, and kindred workers.	12.4%	18.4%
Managers (including farm).	15.4%	13.3%
Clerical and kindred workers	13.8%	17.8%
Sales workers.	7.5%	6.9%
Craftsmen and foremen.	14.3%	11.7%
Operatives and kindred workers . . .	14.9%	11.1%
Personal services (including private household)	11.8%	14.1%
Laborers (including farm).	9.9%	6.7%

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*The Pacific Northwest, a Study of Economic Growth in a Quality Environment, Battelle Memorial Institute, Columbus, Ohio, 1967, p. 73

EXPECTED GROWTH OF OREGON COUNTIES—1960, 1975, 1985

	1960[1]	1975[2]	1985[2]
Baker.	17,295	19,715	21,477
Benton	39,165	56,467	66,887
Clackamas.	113,038	154,099	175,093
Clatsop.	27,380	24,801	25,651
Columbia	22,379	24,046	25,970
Coos	54,955	66,200	75,401
Crook.	9,430	9,848	10,284
Curry.	13,983	28,268	31,258
Deschutes.	23,100	25,508	27,321
Douglas.	68,458	79,010	88,222
Gilliam.	3,069	2,764	2,724
Grant.	7,726	6,527	6,381
Harney	6,744	7,396	7,951
Hood River	13,395	13,796	14,653
Jackson.	73,962	88,064	98,609
Jefferson.	7,130	9,906	11,503
Josephine.	29,917	29,578	31,095
Klamath.	47,475	55,708	60,672
Lake	7,158	8,187	8,921
Lane	162,890	227,992	270,290
Lincoln.	24,635	34,206	40,334
Linn	58,867	65,022	70,964
Malheur.	22,764	21,318	21,580
Marion	120,888	162,057	189,156
Morrow	4,871	4,624	4,607
Multnomah.	522,813	630,558	708,612
Polk	26,523	28,304	30,315
Sherman.	2,446	2,681	2,802
Tillamook.	18,955	20,414	22,068
Umatilla	44,352	44,766	45,445
Union.	18,180	20,159	21,360
Wallowa.	7,102	6,797	6,959
Wasco.	20,205	28,173	32,002
Washington	92,237	153,255	186,544
Wheeler.	2,722	2,027	1,900
Yamhill.	32,478	30,836	31,687

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[1] County and City Data Book, 1967, Department of Commerce, U. S. Bureau of Census, Government Printing Office, Washington, D.C., 1967, p. 302

[2] Population of Counties and State Economic Areas of Oregon, April 1, 1965, Center for Population Research and Census, Portland State College, Portland, 1965; and Forecast, April 1, 1965 to 1985, Center for Population Research and Census, Portland State College, Portland, 1965

MAJOR ITEMS OF GOVERNMENT SPENDING (Local, State, Federal)

(Millions of Dollars)

Year	National Defense	Education	Social Insurance	Interest on Debt	All Other	Total	% of GNP
1932*.	721	2,325	171	1,323	7,897	12,437	21.4
1940	1,590	2,827	968	1,552	13,480	20,417	20.5
1950	18,355	9,647	6,894	4,862	30,576	70,334	24.7
1960**	47,464	19,404	17,596	9,332	57,492	151,288	30.0
1965	55,810	29,613	24,880	11,430	83,817	205,550	30.2

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*Statistical Abstract of the United States, 1967, U.S. Department of Commerce, Bureau of the Census, Government Printing Office, Washington, D.C., 1967, p. 421

**Historical Statistics of the United States, Colonial Times to 1957, Department of Commerce, U. S. Bureau of the Census, Government Printing Office, Washington, D.C., 1960, p. 723

SOCIAL WELFARE EXPENDITURES UNDER PUBLIC PROGRAMS*
(Millions of Dollars)

	1935	1945	1955	1965	1966-prel.
Social Insurance**. .	384	1,419	9,854	28,078	31,906
Public Assistance***	2,998	1,031	3,003	6,178	6,824
Health & Medical. . .	434	2,331	3,054	6,430	7,180
Other Welfare#. . . .	53	159	573	1,949	2,739
Veterans Programs . .	450	892	4,370	5,965	6,334
Education	2,098	3,018	11,299	28,592	32,248
Public Housing. . .	---	10	89	314	348
Total	6,417	8,859	32,243	77,505	87,578
% of GNP.	9.3	4.2	8.5	11.9	12.3

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*Historical Statistics of the United States, Colonial Times to 1957, Department of Commerce, U.S. Bureau of the Census, Government Printing Office, Washington, D.C., 1960, p. 193

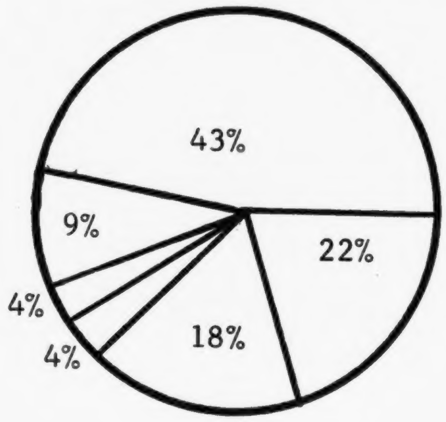
**Included are the following: Old-age Survivors and Disability Insurance, public employee retirement and railroad retirement and insurance, unemployment insurance and employment services, and Workmen's Compensation

***Included are the following: old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled.

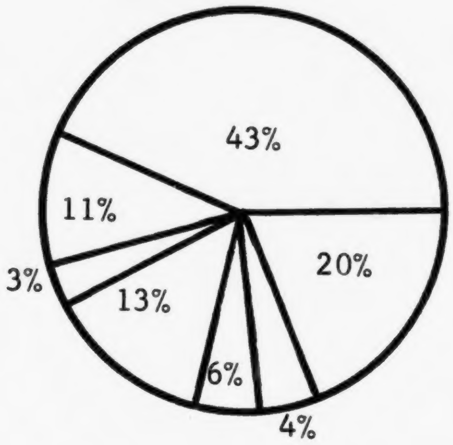
#Included are the following: vocational rehabilitation, institutional care, school lunch programs, and child welfare

THE FEDERAL GOVERNMENT DOLLAR*

Where it comes from —



Where it goes —



Revenue	
Individual Income taxes.	43¢
Social Insurance and Retirement.	22¢
Corporate Income taxes	18¢
Excise taxes	9¢
Borrowing.	4¢
Other.	4¢

Expenses	
National Defense (Vietnam 14¢).	43¢
Social Insurance and Trust Funds.	20¢
Education and Social Programs	11¢
Interest on Public debt . .	6¢
Veterans.	4¢
International	3¢
Other	13¢

Actual figures from the National Income Accounts of 1966

Revenue, $132.6 billion   Expenses, $132.3 billion

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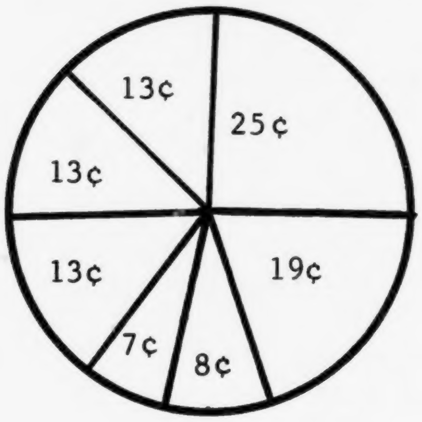
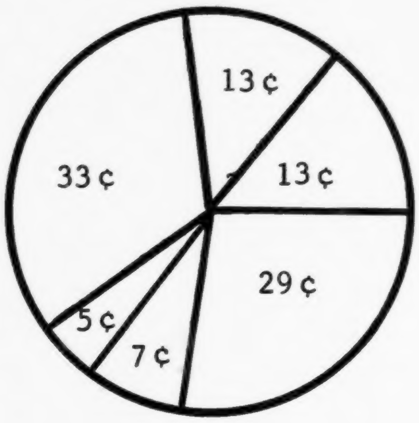
*The Budget in Brief, Executive Office of the President, Bureau of the Budget, Government Printing Office, Washington, D.C., 1968

THE STATE AND LOCAL GOVERNMENT DOLLAR*

Where it comes from —



Where it goes —



Property tax.	25¢
Sales and gross receipts taxes. .	19¢
Transfers from federal gov't. . .	13¢
Other taxes	13¢
Charges and miscellaneous	13¢
Insurance trusts.	8¢
Utilities and liquor stores . . .	7¢

Education.	33¢
Pub. welfare, hospitals and health.	13¢
Highways	13¢
Utilities and liquor st. . . .	7¢
Insurances, trusts	5¢
Other general expenses	29¢

Actual figures for 1966: Total Revenue, $97,619 million

Expenditures, $94,906 million

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*Statistical Abstract of the United States, 1967, U.S. Department of Commerce, Bureau of the Census, Government Printing Office, Washington, D.C., 1967, p. 415

OUR BALANCE OF PAYMENTS PROBLEM

We need foreign money so that we can—

Buy foreign goods and services (these are our imports)
Buy foreign stocks and bonds or buy foreign businesses
Lend to foreign governments or individuals
Buy gold from foreign governments or individuals

We earn this foreign money when we—

Sell American goods and services to foreigners (these are our exports)
Receive dividends on foreign stocks and bonds or when foreigners repay money that we have lent them
Sell dollars to foreign governments or individuals
Sell gold to foreign governments or individuals

Now, since 1957 or thereabouts, we haven't been earning as much foreign money as we have spent. In order to make ends meet we have had to (a) sell gold and (b) sell dollars. As a result foreigners have been holding more and more of our gold and more and more of our dollars.

In fact foreigners now have so many dollars that they could buy up all the rest of our gold at the current price of $35 an ounce. We would then have to slash our imports, slash our foreign military and development loans, and sell off a lot of our foreign investments. This would hurt us badly, and it might ruin countries that rely on us for markets or for aid.

What have we been doing to prevent this from happening? We have been trying to increase our exports. We have been discouraging foreign travel and American investments in foreign businesses. We have been trying to limit our foreign loans.

If this doesn't work, we might have to "devalue" the dollar. Congress could pass a law changing the price of gold from $35 an ounce to, say $70 an ounce. This would make the gold stretch further, and it would also tend to cut our imports and increase our exports. The trouble is that it would mean big losses to friendly countries that have been helping us by holding on to our dollars, and it would help other countries that we don't like. Meanwhile, many foreigners have been "speculating" in gold. They have been buying it for $35 an ounce in the hope that they will make a lot of money if we have to set a new higher price.

See U.S. Balance of Payments, U. S. Department of Commerce, Government Printing Office, Washington, D.C., 1964, 44 pp., 25¢

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